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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

VERNON UNSWORTH,

Plaintiff,

vs.

ELON MUSK,

Defendant.

Case No. 2:18-cv-08048

Judge: Hon. Stephen V. Wilson

**DECLARATION OF MICHAEL T.
LIFRAK IN SUPPORT OF
DEFENDANT'S RENEWED
MOTION IN LIMINE NO. 5 TO
EXCLUDE THE EXPERT OPINION
OF DR. BERNARD J. JANSEN**

Complaint Filed: September 17, 2018
Trial Date: December 3, 2019

Hearing Date: December 2, 2019
Time: 2:30 p.m.
Courtroom: 10A

1 **I, Michael T. Lifrak, declare as follows:**

2 1. I am a member of the bar of the State of California and a partner at
3 Quinn Emanuel Urquhart & Sullivan, LLP, attorneys for Defendant Elon Musk. I
4 make this declaration of personal, firsthand knowledge, and if called and sworn as a
5 witness, I could and would testify competently thereto.

6 2. I submit this supplemental declaration in support of Mr. Musk's
7 Renewed Motion in Limine No. 5 to Exclude the Expert Opinion of Dr. Bernard J.
8 Jansen.

9 3. Attached hereto as **Exhibit 1** is a true and correct copy of the Amended
10 Report of Dr. Bernard J. Jansen, served by Plaintiff on November 29, 2019.

11 4. Attached hereto as **Exhibit 2** is a true and correct copy of Jaclyn Pesier,
12 *New York Times Tops 4 Million Mark in Total Subscribers*, available at
13 [https://www.nytimes.com/2018/11/01/business/media/new-york-times-earnings-](https://www.nytimes.com/2018/11/01/business/media/new-york-times-earnings-subscribers.html)
14 [subscribers.html](https://www.nytimes.com/2018/11/01/business/media/new-york-times-earnings-subscribers.html) (last visited Nov. 30, 2019)

15 5. Attached hereto as **Exhibit 3** is a true and correct copy of Mark Sweney,
16 *Telegraph to put politics, business and rugby news behind paywall*, available at
17 [https://www.theguardian.com/media/2018/oct/03/telegraph-to-put-politics-business-](https://www.theguardian.com/media/2018/oct/03/telegraph-to-put-politics-business-and-rugby-news-behind-paywall)
18 [and-rugby-news-behind-paywall](https://www.theguardian.com/media/2018/oct/03/telegraph-to-put-politics-business-and-rugby-news-behind-paywall) (last visited Nov. 30, 2019).

19 6. Attached hereto as **Exhibit 4** is a true and correct copy of Nick Hugh,
20 *Thinking ahead*, available at <https://corporate.telegraph.co.uk/vision/> (last visited
21 Nov. 30, 2019).

22 7. Attached hereto as **Exhibit 5** is a true and correct copy of *Telegraph hits*
23 *400k subscribers as Brexit boosts digital growth*, available at
24 [https://www.telegraph.co.uk/business/2019/10/14/telegraph-hits-400k-subscribers-](https://www.telegraph.co.uk/business/2019/10/14/telegraph-hits-400k-subscribers-brex-it-boosts-digital-growth/)
25 [brexit-boosts-digital-growth/](https://www.telegraph.co.uk/business/2019/10/14/telegraph-hits-400k-subscribers-brex-it-boosts-digital-growth/) (last visited Nov. 30, 2019).

26 8. Attached hereto as **Exhibit 6** is a true and correct copy of New
27 Corporation's Form 10-K for the fiscal year ended June 30, 2019, available at
28

1 <https://www.sec.gov/Archives/edgar/data/1564708/000119312519219463/d741099d>
2 [10k.htm](https://www.sec.gov/Archives/edgar/data/1564708/000119312519219463/d741099d10k.htm) (last visited Nov. 30, 2019).

3 9. Attached hereto as **Exhibit 7** is a true and correct copy of Claire
4 Atkinson, *The Washington Post still plays catch-up, but is gaining on The Times*,
5 available at [https://www.nbcnews.com/news/us-news/washington-post-still-plays-](https://www.nbcnews.com/news/us-news/washington-post-still-plays-catch-gaining-times-n833236)
6 [catch-gaining-times-n833236](https://www.nbcnews.com/news/us-news/washington-post-still-plays-catch-gaining-times-n833236) (last visited Nov. 30, 2019).

7 10. Attached hereto as **Exhibit 8** is a true and correct copy of Jim Waterson,
8 *Guardian Media Group digital revenues outstrip print for first time*, available at
9 [https://www.theguardian.com/media/2018/jul/24/guardian-media-group-digital-](https://www.theguardian.com/media/2018/jul/24/guardian-media-group-digital-revenues-outstrip-print-for-first-time)
10 [revenues-outstrip-print-for-first-time](https://www.theguardian.com/media/2018/jul/24/guardian-media-group-digital-revenues-outstrip-print-for-first-time) (last visited Nov. 30, 2019).

11 11. Attached hereto as **Exhibit 9** is a true and correct copy of *Guardian*
12 *reaches milestone of 500,000 regular paying supporters*, available at
13 [https://www.theguardian.com/gnm-press-office/2017/oct/26/guardian-reaches-](https://www.theguardian.com/gnm-press-office/2017/oct/26/guardian-reaches-milestone-of-500000-regular-paying-supporters)
14 [milestone-of-500000-regular-paying-supporters](https://www.theguardian.com/gnm-press-office/2017/oct/26/guardian-reaches-milestone-of-500000-regular-paying-supporters) (last visited Nov. 30, 2019).

15 12. Attached hereto as **Exhibit 10** is a true and correct copy of Nathan
16 Bomey, *Gannet 4Q print revenue declines but digital subscriptions spike*, available
17 at [https://www.usatoday.com/story/money/2019/02/20/gannett-fourth-quarter-](https://www.usatoday.com/story/money/2019/02/20/gannett-fourth-quarter-earnings-beat-expectations/2916215002/)
18 [earnings-beat-expectations/2916215002/](https://www.usatoday.com/story/money/2019/02/20/gannett-fourth-quarter-earnings-beat-expectations/2916215002/) (last visited Nov. 30, 2019).

19 13. Attached hereto as **Exhibit 11** is a true and correct copy of excerpts
20 from the November 4, 2019 deposition of Dr. Bernard J. Jansen.

21 14. Attached hereto as **Exhibit 12** is a true and correct copy of the front
22 page of the Telegraph Sheet from the February 6, 1915 edition of the *Los Angeles*
23 *Times*, available at <https://www.newspapers.com/image/380140106> (last visited Nov.
24 21, 2019).

25 15. Attached hereto as **Exhibit 13** is a true and correct copy of the cover of
26 the September 23, 1969 issue of *Look Magazine*, available at
27 www.oldlifemagazines.com/look-magazine-september-23-1969-diana-ross.html (last
28 visited Nov. 20, 2019.).

1 16. Attached hereto as **Exhibit 14** is a true and correct copy of *New York*
2 *Times Article Archive*, available at
3 <https://archive.nytimes.com/www.nytimes.com/ref/membercenter/nytarchive.html>
4 (last visited Nov. 21, 2019).

5
6 I declare under penalty of perjury under the laws of the State of California that
7 the foregoing is true and correct and that this document was executed in Los
8 Angeles, California.

9
10 DATED: December 2, 2019

11
12 By 

13 Michael T. Lifrak
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EXHIBIT 1

I. INTRODUCTION

1. I have been retained by the law firm of L. Lin Wood, P.C. to provide expert analysis and opinion on behalf of Mr. Vernon Unsworth in the case Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant, Case No. 2:18-cv-8048, which is pending in the United States District Court, Central District of California.

II. QUALIFICATIONS

2. I am an adjunct professor at the College of Information Sciences and Technology at The Pennsylvania State University (Penn State), University Park, Pennsylvania, since 2017, where I have been employed since 2001. I was a tenure-track professor at Penn State from 2002 through 2016, departing as a tenured full professor in 2017 to become a principal research scientist at the Qatar Computing Research Institute (QCRI). I was a Senior Fellow at the Pew Internet & American Life Project, which is part of the Pew Research Center, from 2010 through 2012. I was a University Expert at the National Ground Intelligence Center from 2011 through 2014. Prior to my employment at Penn State, I was a Lecturer in the Computer Science Program at the University of Maryland (Asian Division) for 1 year, and before that, I was an Assistant Professor in the Department of Electrical Engineering and Computer Science at the United States Military Academy (USMA), a.k.a. West Point, for three years.

3. In addition to my academic credentials, my professional experience includes 20 years of practice in the U.S. military, serving in the Infantry as an enlisted soldier and then as a communications officer, working primarily in a variety of information technology-related positions.

4. I am currently the editor-in-chief of the international academic journal, Information Processing and Management, which is a top-ranked journal in the information science field, and

former editor-in-chief of the journal, Internet Research, a top-ranked journal in the web science domain.

5. I have authored approximately 350 academic publications, focusing on the areas of Web data, digital analytics, Web analytics, Web searching, Web search engines, social media, and related areas. Approximately 250 of my publications address aspects of search analytics, Web analytics, online advertising, search engines, or Web searching. Some of my recent research work focuses on online news analytics, which is the investigation of the online qualitative and quantitative attributes of news stories with other digital content, and social computing analytics, which is the investigation of social behavior using algorithmic methods. I have authored, co-authored, or co-edited four books, including Web Search: Public Searching of the Web (2007), Understanding User – Web Interactions via Web Analytics (2009) and Understanding Sponsored Search (2011). A copy of my complete curriculum vitae, which includes a list of all publications I have authored in the past ten years, is attached as **Appendix A**.

6. My fields of professional expertise include web analytics, search engines, web searching, social media, online advertising, and related computer science and data science areas. In the course of my academic career, I have worked with a variety of search engines and information searching applications to understand user searching behavior on the Web and other environments. For example, as part of my Master's program in Computer Science, I designed and coded a text-based search engine. For my Doctorate program in Computer Science, I developed a program interface for Web search engines and implemented it on the Gigabyte search engine. In subsequent research, I have worked with the Microsoft Internet Information Services (IIS) and Verity commercial searching systems.

7. As a computer scientist, I have engaged and am experienced with classic computer science areas, such as programming, software development, algorithms, and networking. I have taught a wide variety of computer courses, including micro-computing, programming (in various programming languages), and the Web/Internet, at both the undergraduate and graduate level.

8. Concerning user searching behaviors on the Web and web analytics, I have worked directly with real-user searching data from several web search engines. I have also analyzed web data of traffic and other attributes from a variety of websites and social media platforms. I have analyzed real-user data from online search marketing campaigns and user referral traffic to websites. I have conducted research and teaching concerning aspects of websites, including search engine keyword advertising. I have developed web analytics models and processes for analysis of business goals, and I have used web analytics data in both my research and teaching. I've also conducted other research on user searching behaviors.

9. I have advised government agencies and companies in consulting and expert witness matters. A list of cases in which I have testified as an expert in deposition or trial in the past four years is attached as **Appendix B**.

10. I am being compensated for my work on this case at the rate of \$400 per hour.

III. ASSIGNMENT AND MATERIALS CONSIDERED

11. In providing my expert opinion, I have been asked to respond to the following question:

12. *What is the level of dissemination in online articles of the defaming statements made by Mr. Elon Musk asserting that Mr. Vernon Unsworth is a pedo, pedo guy, or pedophile¹?*

¹ Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant. Case No. 2:18-cv-8048 in the United State District Court Central District of California, Complaint for Defamation, Exhibit D and Exhibit E

13. For brevity, I refer to the defaming statements by Mr. Musk against Mr. Vernon Unsworth as the *defaming statements, statements, or defaming statements against Mr. Unsworth*.

14. In referring to these statements as defaming, I am employing the laymen's dictionary definition of defamation² (i.e., defamation per se).

15. My analysis is based on my experience, training, knowledge, and education and is formed through the application of that experience, training, knowledge, and education in the principles of web data collection, web analytics, web search, search engines, websites, web traffic analysis, and related market analysis.

16. The references that I considered in preparing this report are listed in **Appendix C**. Printouts of these references on the date that I reviewed them are included as separate attachments.

17. The links to each of the articles containing the defaming statements used in my analysis are listed in **Appendix D**.

IV. SUMMARY OF OPINIONS

18. Based on my research and analysis in connection with this assignment, which is described in more detail in the body of this report, along with my own experience, training, knowledge, and education as stated, I have reached the following opinions:

19. *The defaming statements made by Mr. Elon Musk asserting that Mr. Vernon Unsworth is a pedo, pedo guy, or pedophile:*

- a. *have been disseminated on at least 316 online media or other sites,*
- b. *in at least 490 stories or articles,*
- c. *covering 33 countries in all,*

since the statements were made to the date that I filed this report, inclusive.

² Merriam-Webster: "the act of communicating false statements about a person that injure the reputation of that person; the act of defaming another". See <https://www.merriam-webster.com/dictionary/defamation>

20. Note that these articles are still available online, on the dates that I accessed the articles, from various news and other web sites and have been since the dates that they were posted.

21. These numbers are conservative. It is more likely than not that the defaming statements have received wider dissemination due to factors discussed in more detail later in this report, which are:

a. I most likely have **not** located all the references to the defaming statement on every website by the time of the submission of this report.

b. I did **not** examine the dissemination of the statements via print, radio, or other broadcast media.

c. I did **not** include email messages, personal social media messages, articles behind firewalls, etc. containing the defaming statements.

d. I did **not** include websites that might have hosted the defaming statements but removed them before I conducted my search.

e. I did **not** include articles that link to the defaming statements.

f. I did **not** include in my analysis articles that were in non-English (i.e., the number of articles only includes those written in English).

g. I did **not** include in my analysis articles primarily about the legal case³.

h. Finally, I did **not** include the links posted on social media accounts.

³ Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant. Case No. 2:18-cv-8048 in the United State District Court Central District of California, Complaint for Defamation

V. **BACKGROUND WEB ANALYTICS**

22. In the course of forming this opinion, I implemented numerous web analytics and related techniques commonly used in the industry. To more clearly discuss these techniques, I define the following terms:

- **Dissemination**: the act of spreading or the circulation of information or articles.
- **Domain**: a specific Internet website administered as a unit and defined by an Internet Protocol (IP) address; commonly known as a website.
- **Web Analytics**: the measurement, collection, analysis, and reporting of web data.

23. In forming my opinion, I utilized accepted web analytics and related methodologies. To that end, I employed various publicly available online analytics services, as well as subscription-based services in conducting my research, including:

- **Google Ads Keyword Tool**: an online service that provides the number of searches for a given set of keywords in a given month on the Google search engine.
- **Google Trends**: an online service that shows how often a particular term is relatively searched on the Google search engine in a given period.

24. These tools offer a variety of data and analysis services, and they are frequently utilized by industry professionals in the search engine optimization, web analytics, and search engine marketing fields for the market, customer, and competitive analysis. Furthermore, when possible, I did my assessments, as outlined below, to validate the data and analysis results.

25. I also utilized the Google search engine to assess the dissemination of articles containing the statements.

26. Concerning the accuracy of the article analysis, the number of articles and the number of domains where the statements have been disseminated is reliable, as this is straightforward to verify. The article is either posted on a site, or it is not posted. The article

either contains the defaming statements, or it does not. If anything, this is an undercount due to the reasons discussed in this report, including there are most likely articles containing the defaming statements that I have not been able to locate by the time that I submitted this report.

VI. METHODOLOGY TO DETERMINE THE DISSEMINATION OF THE DEFAMING STATEMENTS AGAINST MR. UNSWORTH

27. The original defaming statements were made by Mr. Musk via Twitter posts⁴. I briefly present these events and associated metrics here.

28. The original defaming statement appears to have been posted by Mr. Musk to his Twitter account, which (as of 28 August 2018), had more than 22 million followers, who all could potentially have seen the defaming statements (see Figure 1).

29. **Figure 1: Snippet of Banner of Twitter Account of Mr. Musk, with 22.4 million followers as of 28 August 2018⁵.**



⁴ Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant. Case No. 2:18-cv-8048 in the United State District Court Central District of California, Complaint for Defamation, Exhibit B, Exhibit C, Exhibit D, Exhibit E, Exhibit F, Exhibit G, Exhibit I

⁵ Image from: 2018-08-28 Tweets with replies by Elon Musk (@elonmusk) _ Twitter.pdf

30. In a series of tweets on 15 July 2018, Mr. Musk raises questions about Mr. Unsworth being at the cave site (see Figure 2), refers to Mr. Unsworth as ‘pedo’⁶ (see Figure 3), and seemingly confirms the accuracy of the earlier pedophile statement (see Figure 4).

31. On 17 July 2018, Mr. Musk tweets that he apologizes for the statements (see Figure 5).

32. On 28 August, Mr. Musk seemingly confirms, again, the accuracy of the earlier pedophile accusation against Mr. Unsworth (see Figure 6).

33. As noted just in Figures 2-6, these combined tweets have been liked, re-tweeted, or commented on by thousands of people, and they potentially have been viewed by many more who did not interact with them directly or have seen them in the Twitter accounts of others.

34. **Figure 2: Tweets from Mr. Musk Related to the Defaming Statement Referring to Mr. Unsworth as a Pedophile, along with Number of Associated Comments, Re-tweets, and Likes at the Time the Screenshot was Taken⁷.**



⁶ A standard abbreviation for pedophile. See: Ped- <https://en.wikipedia.org/wiki/Ped->

⁷ Image from: Catherine Shu (2018) Elon Musk tweets he'll 'bet ya a signed dollar that Thai cave rescuer is a 'pedo'. TechCrunch. <https://techcrunch.com/2018/07/15/elon-musk-tweets-hell-bet-ya-a-signed-dollar-that-thai-cave-rescuer-is-a-pedo/>

35. **Figure 3: Tweet from Mr. Musk Containing the Defaming Statement Accusing Mr. Unsworth of Being a Pedophile, along with Number of Associated Comments, Re-tweets, and Likes at the Time the Screenshot was Taken**⁸.



36. **Figure 4: Tweet from Mr. Musk Seemingly Confirming the Defaming Statement Calling Mr. Unsworth a Pedophile, along with Number of Associated Comments, Re-tweets, and Likes at the Time the Screenshot was Taken**⁹.



⁸ Image from: Harvey Day (2018) The diver called a 'pedo' by Elon Musk has hired a lawyer and is preparing to sue. ShortList. <https://www.shortlist.com/news/elon-musk-pedo-guy-twitter-drew-olanoff>

⁹ Image from: Catherine Shu (2018) Elon Musk tweets he'll 'bet ya a signed dollar that Thai cave rescuer is a 'pedo'. TechCrunch. <https://techcrunch.com/2018/07/15/elon-musk-tweets-hell-bet-ya-a-signed-dollar-that-thai-cave-rescuer-is-a-pedo/>

37. **Figure 5: Tweet from Mr. Musk Stating that He Apologies to Mr. Unsworth, along with Number of Associated Comments, Re-tweets, and Likes at the Time the Screenshot was Taken**¹⁰



¹⁰ Image from: Elon Musk
https://twitter.com/elonmusk/status/1019472152796381185?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1019472152796381185&ref_url=https%3A%2F%2Fqz.com%2F1330546%2Felon-musk-apologizes-for-calling-cave-diver-vernon-unsworth-a-pedophile%2F

38. **Figure 6: Tweet from Mr. Musk Seemingly Confirming the Defaming Statement Calling Mr. Unsworth a Pedophile, along with Number of Associated Comments, Re-tweets, and Likes at the Time the Screenshot was Taken**¹¹



39. In response to Mr. Musk's tweet shown in Figure 6, there were numerous news articles published on 28 August 2018 and 29 August 2018.

40. From Mr. Musk's Twitter account, millions of people could have seen the defaming statements, and we know (based on the screenshots above of tweets containing the defaming statements) that thousands of people directly interacted with the tweets.

¹¹ Image from: Elon Musk
https://twitter.com/elonmusk/status/1034481160783585280?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed&ref_url=https%3A%2F%2Fwww.shortlist.com%2Fnews%2Felon-musk-pedo-guy-twitter-drew-olanoff

41. Out of curiosity, I searched for Mr. Unsworth's online presence before the occurrences surrounding this event. Mr. Unsworth's online presence before 13 June 2018 is minimal, with an Instagram profile page, a Facebook profile page (with no posts the date that I checked), and a LinkedIn profile page (with one connection the date that I checked). Other than articles related to Mr. Unsworth's involvement in the Cave Rescue, Mr. Unsworth had little to no online presence until his appearance in a CNN story on the cave rescue¹². Checking Google Trends¹³ and Google Ads¹⁴, there was little to no searching for *vernon unsworth*¹⁵ prior to this event.

42. As mentioned, my opinion is that articles containing the defaming statements have been disseminated on at least 316 online media or other sites in at least 490 separate stories or articles.

43. This is a conservative assessment, and it is more likely than not, the statements have received wider dissemination.

44. Even using this conservative assessment, the defaming statements were disseminated to outlets based in multiple countries, including the United States, the United Kingdom, Thailand, Australia, New Zealand, Japan, China, India, Russia, etc., covering thirty-three (33) countries in all. See **Appendix F** for a complete listing of countries in which the outlets are based.

45. Of the 490 articles containing one or more of the defaming statements:

¹² Nick Glass The miraculous story of the Thai cave rescue. CNN. 13 July 2019.
https://www.youtube.com/watch?v=d7uhm_OIXj4

¹³ See Google Trends <https://trends.google.com/trends/explore?date=all&geo=US&q=vernon%20unsworth>.

Appendix E

¹⁴ See Google Ads Keyword historical metrics - verson unsworth - Google Ads.pdf

¹⁵ Using the phrase *vernon unsworth*

a. 401 (82%) articles primarily contain the defaming statement by Mr. Musk about Mr. Unsworth being a pedophile,

b. 89 (18%) articles primarily concern a tweet from Mr. Musk where he apologized for his defaming statements against Mr. Unsworth, although these articles also mentioned one or more of the defaming statements.

46. Of the 490 articles containing one or more of the defaming statements:

a. 445 (91%) articles were published in the period 15 July 2018 – 3 September 2018,

b. 46 (9%) articles were published in the period 4 September 2018 to the present¹⁶.

47. As Mr. Unsworth is a citizen of the United Kingdom, 70 (14%) of these 490 articles are from 29 outlets (9%) based in the United Kingdom.

48. Concerning the procedure employed in determining the dissemination of the statements, I was not interested in articles that **just** discussed the story in general or other aspects of the story. I was specifically interested in only those articles that directly referenced the defaming statements. This narrowed the focus to a subset of news articles and other articles, which are less than the articles addressing the overall story.

49. To isolate these articles of interest, I generated a series of queries to specifically retrieve a set of articles that directly related to the defaming statements¹⁷. I also located articles via navigating from the set of retrieved articles. I started by searching for the actual defaming

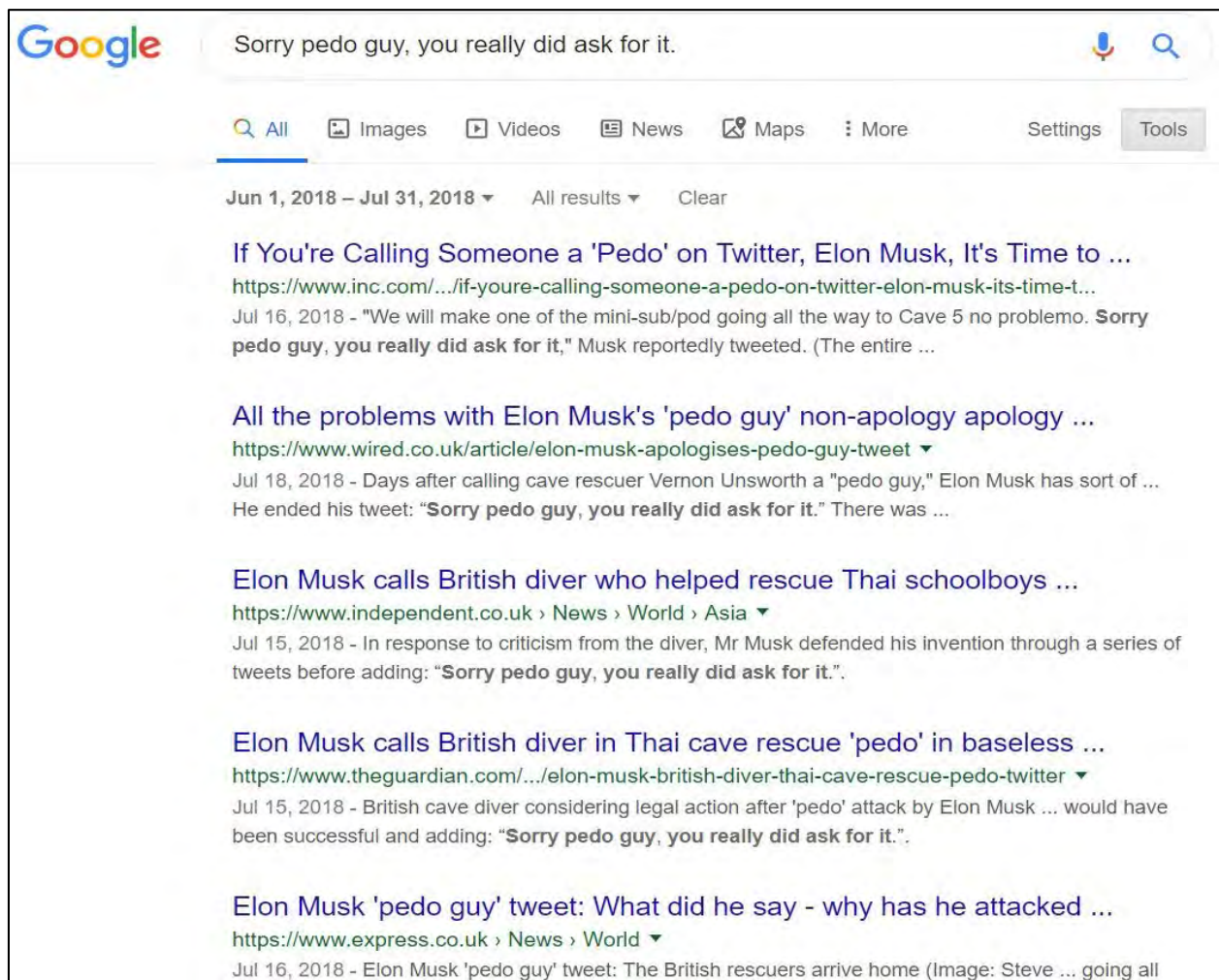
¹⁶ There were 25 articles (5%) that had no date, which I include in this count.

¹⁷ In addition to the queries, I located articles via direction navigation via following the links in articles that I had already located.

statements¹⁸ and from here using the titles of retrieved articles for further searching. I employed a modified snowball technique¹⁹, starting with these seed queries, adding and modifying terms until I was not retrieving a significant number of new results.

50. An example of a search engine results page in response to one of these queries is shown in Figure 7.

51. **Figure 7: Google search results for the search *Sorry pedo guy, you really did ask for it.***



¹⁸ Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant. Case No. 2:18-cv-8048 in the United State District Court Central District of California, Complaint for Defamation, Exhibit D, and Exhibit E

¹⁹ Snowball Sampling https://en.wikipedia.org/wiki/Snowball_sampling

52. I then verified that each article contained the defaming statements by reviewing each article used in my analysis to ensure that the articles directly referenced in some way the defaming statements.

53. So, articles relating to the overall story that did **not** mention the defaming statements are **not** included in the analysis.

54. In the end, I had a set of 490 online news articles or stories from the date the defaming statements were made to the date that I filed this report that specifically referenced the defaming statements to conduct my analysis, as outlined below. Each of these 490 online articles was posted online. The links to these articles²⁰ are listed in **Appendix D**, with print-outs of the articles as they appeared on the date I reviewed the articles available as supplemental material to this report.

55. The 490 online articles were distributed via 316 unique domains (i.e., some websites posted multiple articles that contain the defaming statements by Mr. Musk). These domains are from outlets in multiple countries (e.g., the United States, United Kingdom, Thailand, Australia, New Zealand, Japan, China, India, Russia, etc.), with a complete listing of countries in **Appendix G**.

56. The list of domains that have published articles or stories containing the defaming statements about Mr. Unsworth, many of these domains are those of major news organizations (BBC, CNN, Fox News, Reuters, etc.), media companies (ABC, CBS, NBC, etc.), new media companies (HuffPost, Business Insider, Breitbart, etc.), major newspaper outlets (The Guardian, New York Times, New York Post, Mercury News, LA Times, Chicago Tribune, etc.), news magazines (Wired, Time, , etc.), financial publications (Fortune, Inc., etc.), automotive

²⁰ These links were all functional on the date that I retrieved the articles.

information outlets (Carscoops, Autoblog, etc.), diving information outlets (Dive Magazine), along with other international and local news outlets, radio station websites, discussion boards, and blogs.

57. Table 1 shows the listed domains that posted articles or stories referencing the defaming statements, along with the number of identified articles containing the defaming statements posted on that site that I could locate up to the date that I filed this report.

58. **Table 1: Domains that published articles or stories containing the defaming statements with the number of identified articles containing the defaming statements published on that domain to the date that I filed this report.**

Domains	Number of Articles
Onion.com	1
1045freshradio.ca	2
abcnews.go.com	1
arstechnica.com	1
au.news.yahoo.com	1
auntymike.com	1
austrian.economicblogs.org	1
bak.megam.info	1
beta.nbcnews.com	1
blogs.findlaw.com	1
boingboing.net	1
businessglitz.com	1
california.nris.com	1
canoe.com	1
chinapost.nownews.com	1
cisnfm.com	1
coconuts.co	1
country104.com	1
dailyasianage.com	1
dbpost.com	1
defence.pk	1
divemagazine.co.uk	2
dlisted.com	1
edition.cnn.com	1
en.mogaznews.com	1

Domains	Number of Articles
energy953radio.ca	1
entertainment.inquirer.net	1
extra.ie	1
extras.ie	1
feedimo.com	1
finance.yahoo.com	3
floridaactioncommittee.org	1
fortune.com	5
forum.thaivisa.com	3
fox61.com	1
gadgets.ndtv.com	1
gizmodo.com	1
globalnews.ca	3
gulfnews.com	1
heavy.com	1
hotair.com	1
hush-mag.com	2
inews.co.uk	2
interestingengineering.com	2
irving.fortune.com	1
japantoday.com	2
jerseyeveningpost.com	2
junkee.com	1
kiwifarms.net	1
knappily.com	1
knowtechie.com	1
kywnewsradio.radio.com	2
lifeboat.com	1
loupventures.com	1
m.inquirer.net	1
magic106.com	1
markets.businessinsider.com	1
mashable.com	3
me.me	1
meaww.com	1
metro.co.uk	3
mg.co.za	1
money.cnn.com	3
news.mb.com.ph	1
news.obiaxs.com	1
news.philippinecentral.com	1
news.sky.com	3

Domains	Number of Articles
news.yahoo.com	4
nextshark.com	1
nymag.com	1
nypost.com	2
people.com	1
power97.com	1
pressfrom.info	2
qz.com	1
sanfrancisco.cbslocal.com	2
seekingalpha.com	1
slate.com	1
southfront.org	1
sputniknews.com	1
stopelonfromfailingagain.com	1
stv.tv	1
techcrunch.com	2
thehill.com	2
themorningbellbd	1
thenewdaily.com.au	1
thenextweb.com	3
thephagroup.com	1
theweek.com	1
theworldnews.net	1
time.com	4
tmssmagazine.com	1
truepundit.com	1
twnews.co.uk	1
wgntv.com	1
wonderfulengineering.com	1
wreg.com	1
www.2oceansvibe.com	1
www.9news.com.au	1
www.abc.net.au	2
www.abc10.com	1
www.abcactionnews.com	1
www.adelaidenow.com.au	1
www.apnews.com	1
www.arabnews.com	1
www.asiaone.com	1
www.atlanticbb.net	2
www.autoblog.com	2
www.axios.com	1

Domains	Number of Articles
www.bangkokpost.com	2
www.bbc.com	3
www.bloomberg.com	1
www.breakingnews.ie	1
www.breakingviews.com	1
www.breitbart.com	2
www.briskoda.net	1
www.buriramtimes.com	1
www.businessdailyafrica.com	1
www.businessinsider.co.za	2
www.businessinsider.com	7
www.businessinsider.in	3
www.buzz.ie	1
www.buzzfeednews.com	2
www.bworldonline.com	1
www.carscoops.com	2
www.carthrottle.com	2
www.cbc.ca	1
www.cbsnews.com	2
www.channelnewsasia.com	1
www.chiangraitimes.com	1
www.chicagotribune.com	1
www.chinadailyhk.com	1
www.cnbc.com	4
www.cnet.com	3
www.coffscoastadvocate.com.au	1
www.complex.com	1
www.countypress.co.uk	1
www.cpr.org	1
www.ctvnews.ca	1
www.dailydot.com	1
www.dailymail.co.uk	5
www.dailymercury.com.au	1
www.dailyrecord.co.uk	1
www.dailystar.co.uk	1
www.datalounge.com	1
www.dazeddigital.com	1
www.deseretnews.com	1
www.digitalspy.com	1
www.digitaltrends.com	1
www.driven.co.nz	1
www.dw.com	1

Domains	Number of Articles
www.eastlothiancourier.com	1
www.esquire.com	3
www.eurogamer.net	1
www.euronews.com	2
www.express.co.uk	2
www.fastcompany.com	3
www.fbcnews.com.fj	1
www.fin24.com	1
www.financialexpress.com	1
www.fox23.com	1
www.foxnews.com	2
www.ft.com	3
www.gattonstar.com.au	1
www.gulf-times.com	1
www.her.ie	2
www.heraldsun.com.au	1
www.highsnobiety.com	3
www.hindustantimes.com	1
www.hollywoodreporter.com	2
www.htxt.co.za	1
www.huffingtonpost.ca	1
www.huffingtonpost.co.uk	2
www.huffingtonpost.com.au	1
www.huffingtonpost.in	1
www.huffpost.com	2
www.ibtimes.co.in	1
www.ien.com	1
www.inc.com	3
www.inc-asean.com	1
www.independent.co.uk	8
www.independent.ie	1
www.indiatoday.in	1
www.infonews360.com	1
www.inquisitr.com	1
www.insider.com	2
www.inverse.com	3
www.irishcentral.com	1
www.irishexaminer.com	2
www.irishtimes.com	6
www.itv.com	3
www.japantimes.co.jp	2
www.joe.ie	1

Domains	Number of Articles
www.khaosodenglish.com	1
www.kiiitv.com	1
www.king5.com	1
www.kqed.org	1
www.kvue.com	1
www.latimes.com	1
www.libertyproject.com	1
www.lipstickalley.com	1
www.marketwatch.com	2
www.mediafirst.co.uk	1
www.mercurynews.com	3
www.metro.news	1
www.mirror.co.uk	4
www.motherjones.com	1
www.mysanantonio.com	1
www.naracoorteherald.com.au	1
www.narcity.com	1
www.nbc26.com	1
www.nbcnews.com	3
www.nbcwashington.com	1
www.ndtv.com	1
www.news.com.au	3
www.news18.com	2
www.news24.com	1
www.newscentermaine.com	2
www.newser.com	2
www.newstalk.com	1
www.newstalkzb.co.nz	2
www.newstatesman.com	1
www.newsweek.com	2
www.nhregister.com	1
www.northernstar.com.au	1
www.nova969.com.au	1
www.npr.org	2
www.nst.com.my	1
www.nytimes.com	4
www.nzherald.co.nz	3
www.ocreger.com	1
www.omanobserver.om	1
www.onenewspage.com	1
www.orazio.it	1
www.parabolicarc.com	1

Domains	Number of Articles
www.pedestrian.tv	1
www.philstockworld.com	2
www.prdaily.com	1
www.pressdemocrat.com	1
www.proactiveinvestors.com	1
www.prweek.com	1
www.qt.com.au	2
www.quora.com	3
www.rappler.com	2
www.resetera.com	1
www.reuters.com	3
www.rnz.co.nz	2
www.rt.com	3
www.sbs.com.au	2
www.scmp.com	2
www.sfchronicle.com	1
www.shortlist.com	1
www.sltrib.com	1
www.smartcompany.com.au	1
www.spaceflightinsider.com	1
www.sportbreakingnews.com	1
www.standard.co.uk	3
www.straitstimes.com	4
www.stuff.co.nz	1
www.sunshinecoastdaily.com.au	2
www.takingonissues.com	1
www.techspot.com	2
www.techthreat.co.uk	1
www.telegraph.co.uk	7
www.theadvocate.com.au	1
www.theage.com.au	1
www.theatlantic.com	1
www.theaustralian.com.au	1
www.theblaze.com	1
www.thecitizen.co.tz	1
www.thecut.com	1
www.thedailybeast.com	1
www.thedailystar.net	1
www.thedetroitbureau.com	1
www.thedrive.com	1
www.theglobeandmail.com	1
www.theguardian.com	6

Domains	Number of Articles
www.thehansindia.com	1
www.thehindu.com	1
www.thehindubusinessline.com	1
www.thejournal.ie	1
www.themarysue.com	1
www.thenational.ae	1
www.thepeninsulaqatar.com	1
www.thesouthafrican.com	1
www.thestandard.com.hk	1
www.thestar.com	4
www.thestudentroom.co.uk	1
www.thesun.co.uk	4
www.thetimes.co.uk	2
www.thetruthaboutcars.com	2
www.theverge.com	1
www.timeslive.co.za	1
www.tnp.sg	1
www.todayonline.com	1
www.toledoblade.com	1
www.tribuneindia.com	1
www.tribuneworldall.com	1
www.tvnz.co.nz	1
www.tweeddailynews.com.au	1
www.upr.org	1
www.usatoday.com	4
www.vice.com	2
www.vietnambreakingnews.com	1
www.vox.com	2
www.washingtonpost.com	2
www.wibw.com	1
www.wionews.com	1
www.wired.co.uk	2
www.wkyc.com	1
www.wsj.com	3
www.xinhuanet.com	2
www.yahoo.com	2
www.ypradio.org	1
www.zerohedge.com	1
zeenews.india.com	1
	490

59. As shown in Table 1, I identified 316 domains that hosted 490 articles containing the defaming statements by Mr. Musk against Mr. Unsworth with these defaming statements.

60. Many of these are major news outlets with substantial numbers of digital subscribers, with some of these outlets and reported digital subscribers shown in Table 2.

61. **Table 2: Six Major News Outlets Publishing Articles Containing the Defaming Statement with Reported Numbers of Digital Subscribers.**

Outlet	Digital Subscribers ²¹
New York Times ²²	3,000,000
Telegraph ²³	3,000,000
The Wall Street Journal ²⁴	1,818,000
Washington Post ²⁵	1,000,000
Guardian ²⁶	570,000
USA Today ²⁷	504,000
	9,892,000

VII. RESULTS FOR ANALYSIS OF THE DISSEMINATION OF THE DEFAMING STATEMENTS AGAINST MR. UNSWORTH

62. *The defaming statements made by Mr. Elon Musk asserting that Mr. Vernon Unsworth is a pedo, pedo guy, or pedophile:*

- a. *have been disseminated to at least 316 online media or other sites,*
- b. *in 490 separate stories or articles,*

²¹ Generally, reported in rounded numbers.

²² <https://www.nytimes.com/2018/11/01/business/media/new-york-times-earnings-subscribers.html>

²³ <https://www.theguardian.com/media/2018/oct/03/telegraph-to-put-politics-business-and-rugby-news-behind-paywall>

²⁴ <https://www.sec.gov/Archives/edgar/data/1564708/000119312519219463/d741099d10k.htm>

²⁵ <https://www.nbcnews.com/news/us-news/washington-post-still-plays-catch-gaining-times-n833236>

²⁶ <https://www.theguardian.com/media/2018/jul/24/guardian-media-group-digital-revenues-outstrip-print-for-first-time>

²⁷ <https://www.usatoday.com/story/money/2019/02/20/gannett-fourth-quarter-earnings-beat-expectations/2916215002/>

c. *covering 33 countries in all,*
since the statements were made to the date that I filed this report, inclusive.

63. This is a conservative number, and more likely than not, articles containing the defaming statements have been disseminated to more websites.

VIII. WHY THE NUMBER IS CONSERVATIVE

64. It is more likely than not that the defaming statements have received wider dissemination due to factors such as:

a. Although I spent considerable effort to locate published articles that contained the defaming statements, it is reasonable to assume that I have not located all such articles by the time of the submission of this report, which would increase the dissemination of the articles on domains. So, there are most likely more sites with articles containing the defaming statements that are **not** included in my calculations.

b. The focus of my analysis was the dissemination of online articles containing the defaming statements. Therefore, I did not examine the dissemination of the statements via print, radio, or other broadcast media. It is reasonable to assume that the statements made were disseminated via these other channels. Therefore, these sources of dissemination are **not** included in the count.

c. Naturally, I could not access certain online sources where the defaming statements may have been disseminated (e.g., email messages, social media direct messages, articles behind firewalls, etc.). Therefore, these numbers are **not** included in my calculations.

d. There are sites that possibly had hosted articles containing the defaming statements where the articles have been removed before I conducted my search. Therefore, these articles and associated traffic are **not** included in my calculations.

e. I did not include articles that link to one of the articles containing the statements in my calculations of dissemination²⁸. Unless the article directly mentioned the statements, I did **not** include that article in my calculations, even if the links pointed to articles contain the defaming statements.

f. I did **not** include in my analysis articles that were in non-English, even though it is reasonable to assume the defaming statement appeared in outlets in other languages.

g. I did **not** include articles that were primarily about this case, even if those articles did contain the defaming statements. There are numerous articles that primarily address this case and contain the defaming statements, often in article title (e.g., *Tesla's Musk is sued for calling Thai cave rescuer pedophile*, *Elon Musk asks judge to throw out lawsuit from UK diver he called a 'paedophile'*, *Elon Musk lawyers defend calling diver a pedophile as 'imaginative attack' protected by First Amendment*). As examples, using one query on Google (*musk unsworth lawsuit*), I located 104 articles from 104 separate domains concerning the case and containing the defaming statements. See **Appendix F** for a listing of article links.

h. I did not include the dissemination of the articles containing the defaming statements on social media platforms, such as Facebook, Instagram, YouTube, Twitter, Reddit, Tumblr, etc., as some news outlets provide links on social media directly to the articles on their websites. However, many of these social media sites contained multiple postings containing the defaming statements.

i. For example, a search on YouTube using the query *musk pedo* yielded 56 videos containing the defaming statements from numerous outlets around the world, with these

²⁸ As an example, here is an article, Quora <https://www.quora.com/What-do-you-think-of-Just-what-was-the-point-of-Elon-Musks-non-practical-submarine-rescue-effort-in-Thailand>, that does not directly mention the defaming statement, although there are links to articles that do contain the defaming statement. I did not include articles such as this in my analysis, even though the links themselves often contain the defaming statements.

56 videos being viewed 2,365,872 times, as of the date that I ran this search²⁹. See **Appendix F** for a listing of these YouTube links.

j. As another example of the dissemination of the defaming statements on social media platforms, a search on Facebook using the query *musk pedo* yielded several posts and videos referencing the defaming statements. One CNN video post on Facebook has received 382,366 views³⁰, as of the date that I filed this report³¹. [A CTV³² video post on Facebook has received 27,579 views³³, as of the date that I filed this report.

IX. SUMMARY OF OPINION

65. *The defaming statements made by Mr. Elon Musk asserting that Mr. Vernon Unsworth is a pedo, pedo guy, or pedophile:*

- a. have been disseminated to at least 316 online media or other sites,*
- b. in 490 separate stories or articles,*
- c. covering 33 countries in all,*

since the statements were made to the date that I filed this report, inclusive.

66. **More likely than not, this is a conservative estimate.**

67. Right to Amend: Although I have had access to materials publicly available pertaining to claims in this dispute, I have not been able to review all such material by the deadline for completion of this report. I reserve the right to review and rely on any such material,

²⁹ YouTube Search Results, 13 Aug 2019

³⁰ Thai cave rescuer considering legal action against Elon Musk

<https://www.facebook.com/cnn/videos/10158557776651509/>;

https://www.facebook.com/search/videos/?q=Thai%20cave%20rescuer%20considering%20legal%20action%20against%20Elon%20Musk&epa=SEARCH_BOX

³¹ Facebook Search Results, 13 Aug 2019, Facebook Video Search Results, 13 Aug 2019, Facebook Post Search Results, 13 Aug 2019

³² CTV is a Canadian media company.

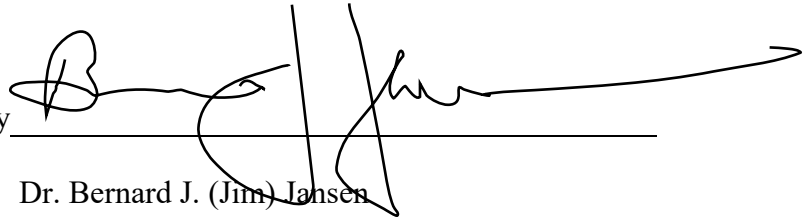
³³ British diver could sue billionaire over deleted tweet <https://www.facebook.com/watch/?v=2169269729781608>;
https://www.facebook.com/search/str/British+diver+could+sue+billionaire+over+deleted+tweet/keywords_blended_videos

including at the time of trial. I also reserve the right to issue a supplemental or an amended report
if my review of such material results in any significant change or addition to my opinion.

DATED: 29 November 2019

Respectfully submitted,

By

A handwritten signature in black ink, appearing to be "B. J. Jansen", written over a horizontal line.

Dr. Bernard J. (Jim) Jansen
Adjunct Professor
College of Information Sciences and Technology
The Pennsylvania State University
University Park, PA, 16802
Phone: 434-249-8687
Email: jjansen@acm.org
URL: <http://www.bernardjjansen.com/>

Appendix A Curriculum Vitae of Jim Jansen



Adjunct Professor, College of Information Sciences and Technology, The Pennsylvania State University, University Park, Pennsylvania, USA.

Professor, College of Science and Engineering, Hamad Bin Khalifa University, Doha, Qatar

Principal Scientist
Qatar Computing Research Institute (QCRI),
Doha, Qatar

Voice: +1-434-249-8687

Web: <http://www.bernardijansen.com/>

Email: jjansen@acm.org

LinkedIn: www.linkedin.com/in/jjansen/

Blog: <http://jimjansen.blogspot.com/>

Research

Research Goal: Increase the effectiveness and efficiency for accomplishing information tasks by improving the interaction among people, information, and technology

Research Interests:

I study the uses and affordances of the Web for information searching and ecommerce, with a focus on interactions among the person, information, and technology. Current active research areas are **Web searching**, **information retrieval**, **keyword advertising**, **online marketing**, and **online social networking** within the ecommerce domain.

- **Sponsored search** and **keyword advertising**
- **Social media** as an information source
- **Information searching** and **Web information retrieval**

Short Bio:

Jim has authored or co-authored **250 or so research publications**, with articles appearing in a multi-disciplinary and extremely wide range of journals and conferences. He is author of the book, Understanding Sponsored Search: A Coverage of the Core Elements of Keyword Advertising (Cambridge University Press), author of the book Understanding User - Web Interactions Via Web Analytics, co-author of the book, Web Search: Public Searching of the Web, and co-editor of the book Handbook of Research on Weblog Analysis.

Jim is a principal scientist in the social computing group at the **Qatar Computing Research Institute**, Professor in the College of Science and Engineering, **Hamad bin Khalifa University**, and Adjunct Professor at the College of Information Sciences and Technology at **The Pennsylvania State University**. He is a graduate of **West Point** and has a PhD in computer science from **Texas A&M University**, along with master degrees from **Texas A&M** (computer science) and **Troy State** (international relations).

Research

Jim is **editor-in-chief** of the journal, Information Processing & Management (Elsevier), a member of the editorial boards of seven international journals, former editor-in-chief of the journal, Internet Research (Emerald), and he has served on the research committee for the Search Engine Marketing Professional Organization (SEMPO). He has received **several awards and honors**, including an ACM Research Award, six application development awards, and a university level teaching award, along with other writing, publishing, research, teaching, and leadership honors.

He has served as a Senior Fellow at the **Pew Research Center** with the Pew Internet and American Life Project and a university expert with the **National Ground Intelligence Center**.

He has done several **consulting projects** (log analysis, statistical analysis) and **expert witness** cases (patent litigation, civil litigation, and class action suits) in the areas of keyword advertising, web analytics, co-registration, domain parking, webpage access, webpage history, and online advertising click fraud.

Education

Ph.D. Computer Science, August 1999 - May 1996

Texas A&M University, College Station, Texas 77843

Dissertation: A Software Agent for Performance Improvement of an Existing Information Retrieval System

Advisor: Dr. Udo Pooch

M.CS. Computer Science, May 1996 - June 1994

Texas A&M University, College Station, Texas 77843

Research Area: Network Performance and Monitoring

M.S. International Relations, August 1994 - June 1992

Troy State University, European Division

Research Thesis: National Competitive Advantage

B.S. Computer Science, May 1985 - June 1981

United States Military Academy, West Point, New York 10996

Engineering Sequence: Electrical Engineering

Academic Appointments

Current - 2015 **Principal Scientist**, Qatar Computing Research Institute (QCRI), Hamad Bin Khalifa University, Doha, Qatar

Current - 2016 **Adjunct Professor**, College of Information Sciences and Technology, The Pennsylvania State University, University Park, PA, 16802, USA.

Academic Appointments

- Current - 2017 **Professor**, College of Science and Engineering, Hamad bin Khalifa University, Doha, Qatar
- 2016 - 2014 **Full Professor**, College of Information Sciences and Technology, The Pennsylvania State University, University Park, PA, 16802, USA.
- 2014 - 2011 **University Researcher**, National Ground Intelligence Center, 2055 Boulders Road, Charlottesville, VA 22911
- 2014 - 2009 **Associate Professor**, College of Information Sciences and Technology, The Pennsylvania State University, University Park, PA, 16802, USA.
- 2012 - 2010 **Senior Fellow, Pew Internet and American Life Project, Pew Research Center, 1615 L Street, NW Suite 700 Washington, DC 20036**
- 2009 - 2003 **Assistant Professor**, College of Information Sciences and Technology, The Pennsylvania State University, University Park, PA, 16802, USA. (Previously, School of Information Sciences and Technology)
- 2003 - 2001 **Instructor**, School of Information Sciences and Technology, The Pennsylvania State University, University Park, PA, 16802, USA
- 2000 - 1999 **Lecturer**, Computer Science Program, University of Maryland (Asian Division), Seoul, 104-022, Republic of Korea
- 1999 - 1998 **Assistant Professor**, Department of Electrical Engineering and Computer Science, United States Military Academy, West Point, New York, 10996
- 1998 - 1996 **Lecturer**, Department of Electrical Engineering and Computer Science, United States Military Academy, West Point, New York, 10996, USA.

Honors and Awards

- 2016 **2016 President's Award for Engagement with Students**, The Pennsylvania State University, University Park, Pennsylvania.
- 2015 **Best Paper**: Liu, Z. and Jansen, B.J. (2015) *Subjective versus Objective Questions: Perception of Question Subjectivity in Social Q&A*. 2015 International Conference on Social Computing, Behavioral-Cultural Modeling, and Prediction (SBP15). Washington DC, p. 131-140. 31 Mar.-3 Apr.

Honors and Awards

- 2011 **Teaching and Learning with Technology Fellow** at Penn State (May 2011 – May 2012). Teaching research fellowship to develop subject-based learning apps that leverage cellular technology, the contextual (location-aware) attributes of mobile technology, and social media. See lt.its.psu.edu/2011/07/24/jim-jansen/
- 2011 **Paper Award:** The article, *The Seventeen Theoretical Constructs of Information Searching and Information Retrieval*, published in Journal of the American Society for Information Science and Technology selected as **John Wiley Best JASIST Paper Award 2011** (see http://www.asis.org/awards/jasis_paper.html).
- 2010 Emerald Literati Network **2010 Award for Excellence for Outstanding Reviewer** for the journal Internet Research (<http://info.emeraldinsight.com/authors/literati/index.htm>)
- 2008 **Best Paper**, Jansen, B.J., Zhang, M., and Schultz, C. (2008) *The Effect of Brand on the Evaluation of IT System Performance*. Proceedings of the Southern Association for Information Systems Conference, Richmond, VA, USA 13-15 March 2008
- 2008 Presented with a **Google Faculty Research Award** (\$50,000)
- 2007 Article selected as **Highly Commended Winner** at the Emerald Literati Network Awards for Excellence 2007. Spink, A. and Jansen, B.J. (2006) *Searching multiple federated content Web collections*, Online Information Review. 30(5), 485-495.
- 2004 Worldwide press coverage for book Web Search: Public Searching of the Web, co-authored with Dr. Amanda Spink. Including AP, Yahoo! News, CNN, MSN, and numerous other television, radio, Web, and print outlets.
- 2003 Worldwide press coverage and interviews 6/30/2003-7/3/2003 reference article: Jansen, B.J., and Spink, A. (2003) *An analysis of Web pages retrieved and viewed*, IC'03: Internet Computing: Web Mining Session, Las Vegas, 4-6 June, 2003. Including: BBC, Irish Radio, Washington Times, Psychology Today, and several U.S. radio stations.
- 2003 **ISI Most Highly Cited Articles in Field of Web Searching** for the manuscript Jansen, B.J., Spink, A., and Saracevic, T. (2000) *Real Life, Real Users, and Real Needs: A Study and Analysis of User Queries on the Web*, Information Processing & Management. 38(2), 207-227.

The article was identified in May 2003 by ISI Essential Science Indicators to be one of the most cited papers in the research area of Web Searching Behavior.
- 2002 **Highly Commended Article** invited for journal publication. Jansen, B.J. (2002) *Towards Implementing a Cognitive Model of Searching*, Proceedings of the E-Learning 2002 Conference (Web Track), Montreal, Canada. 15-19 October.
- 2002 **Two Crystal Awards of Excellence** for outstanding software development in the communications field.

Honors and Awards

2002 Worldwide press coverage and interviews 3/31/02- 4/5/02 reference article: Spink, A., Jansen, B.J., Wolfram, D., and Saracevic, T. (2002). *From e-sex to e-commerce: Web search changes*, IEEE Computer, 35(3), 133-135.

Including: Associated Press, BBC, CBC, MSNBC, Wall Street Journal, New York Times, PC World, CNN, Chinese People's Daily, Toronto Star, US News and World Report, San Francisco Chronicle, The Independent (UK), Business Week, Washington Post, Financial Times (UK), Information Week, Web, TV, newspaper (200+) and magazine media.

2002 **Award of Distinction** for interactive Web site development.

2002 **Two Awards of Excellence** for exceptional multimedia application development.

2002 US Army War College **Team of the Year** for outstanding contributions as team manager.

2001 **U.S. Army Visual Information Award** for multimedia development.

2000 **Highly Commended Award** by MCB Publishers, for: Spink, A., Bateman, J., and Jansen, B.J. (1999) *Searching the Web: A survey of Excite users*, Journal of Internet Research: Electronic Networking Applications and Policy, 9(2), 117-128.

1998 **Top Paper Award** for: Spink, A., Bateman, J., and Jansen, B.J. (1998) *Users' searching behavior on the Excite Web search engine*, 1999 World Conference on the WWW and Internet, Orlando, Florida.

1997 **ACM Student Research Award** for: Jansen, B.J. (1997) *Simulated Annealing for Query Results Ranking*, Computer Science Education Conference, San Jose, CA. 28 – 30 February.

1992 **Writing and Research Award**, U.S. Marine Corps University.

1992 **Research Award** from U.S. Army Trainer Journal

Books

Jansen, B.J. (2011). Understanding Sponsored Search: Coverage of the Core Elements of Keyword Advertising. Cambridge University Press: Cambridge, UK.

Jansen, B.J. (2009) Understanding User – Web Interactions via Web Analytics. Morgan-Claypool Lecture Series. Marchionini, G. (Ed). Morgan-Claypool: San Rafael, CA.

Jansen, B.J., Spink, A., and Taksa, I. Editors. (2009) Handbook of Research on Web Log Analysis, Hershey, PA: Idea Group Publishing.

Books

Spink, A., and **Jansen, B.J.** (2004) Web Search: Public Searching of the Web, Dordrecht: Kluwer Academic Publishers.

Parts of Books

Jansen, B.J. (2016) *Log Analysis*. Research Methods in Library and Information Science. Libraries Unlimited.

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Buzikashvili, N. and **Jansen, B.J.** (2006) *Limits of the Web Log Analysis Artifacts*, Workshop on Logging Traces of Web Activity: The Mechanics of Data Collection, The Fifteenth International World Wide Web Conference (WWW 2006). Edinburgh, Scotland. 22-26 May.

Jansen, B.J. (2006) *The Wrapper: An Open Source Application for Logging User – System Interactions during Searching Studies*, Workshop on Logging Traces of Web Activity: The Mechanics of Data Collection. The Fifteenth International World Wide Web Conference (WWW 2006). Edinburgh, Scotland. 22-26 May.

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Jansen, B.J., Rieh, S.Y., Spink, A., Wang, P., and Wolfram, D. (2005) *Panel Presentation: Internet Usage Transaction Log Studies: The Next Generation*, American Society for Information Science & Technology 2005 Annual Meeting. Charlotte, North Carolina. 28 October – 2 November.

Toms, E.L., **Jansen, B.J.**, and Muresan, G. (2005) *Panel Presentation: Evaluating Success in Search Systems*, American Society for Information Science & Technology 2005 Annual Meeting. Charlotte, North Carolina. 28 October – 2 November.

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Jansen, B.J. and Resnick, M. (2005) *Examining Searcher Perceptions of and Interactions with Sponsored Results*, Workshop on Sponsored Search Auctions, The Sixth ACM Conference on Electronic Commerce (EC'05). Vancouver, Canada. 5-8 June.

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Shingle, A. **Jansen, B.J.**, and Spink, A. (2005) *Television Advertising of Prescription Drugs: A Study of Its Effect on Consumer Web Searching*, IEEE 6th International Conference on Information Technology, Coding and Computing. Las Vegas, Nevada, 11-13 April, 2005.

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Adams, W. J. and **Jansen, B.J.** (1997) *Integrating Usability Design Principles into an Existing Engineering Curriculum*, The American Society for Engineering Education National Conference, Milwaukee, Wisconsin.

Jansen, B.J. and Adams, W. L. (1997) *Integrating User Centered Design into an Introductory Engineering Course*, American Society for Engineering Education Zone 1 Meeting, West Point, New York.

Scholarly Reports

Jansen, B.J. (2011) *The civic and community engagement of religiously active Americans*. Pew Internet & American Life Project, Pew Research Center. 13 December.

<http://pewinternet.org/Reports/2011/Social-side-of-religious.aspx>

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Jansen, B.J. (2010) *Online Product Research*. Pew Internet & American Life Project, Pew Research Center. 29 September.

<http://pewinternet.org/Reports/2010/Online-Product-Research.aspx>

Funded Projects, Grants, Commissions, and Contracts

2015 - 2014	Title: Web Analytics for a Research University Library Granting Agency: Penn State, University Library Total Amount: \$19,717 Role: Principal Investigator
2015 - 2013	Title: Exploring Scholarly Discourse in MOOC Discussion Forums Granting Agency: Penn State, Center for Online Innovation in Learning Total Amount: \$30,383 Role: Principal Investigator
2014 - 2010	Title: Broadband to Support SMEs in Pennsylvania Granting Agency: Commonwealth of Pennsylvania Total Amount: \$500,000 Role: Faculty Investigator (\$70,000)
2014 - 2010	Title: Semantic CiteSeerX Granting Agency: National Science Foundation Total Amount: \$1,100,000 Role: Principal Investigator (\$130,000)

<u>Funded Projects, Grants, Commissions, and Contracts</u>	
2011 - 2008	Title: Affective and Cognitive Factors Affecting the Evaluation of Search Engines by Users Granting Agency: Google Amount: \$50,000 Role: Principal Investigator
2011 - 2009	Title: Using Keyword Advertising for Economic and Workforce Development Granting Agency: The Pennsylvania State University Amount: \$25,000 Role: Principal Investigator
2011 - 2010	Title: Toolkits for Deployable Best Practices Granting Agency: Office of Naval Research STTR Phase II Total Amount: \$750,000 Role: Principal Investigator (\$87,500)
2011 - 2010	Title: RAPID: Text Message-based Infrastructure for Emergency Response Granting Agency: National Science Foundation Total Amount: \$75,000 Role: Principal Investigator (\$15,000)
2009 - 2008	Title: Toolkits for Deployable Best Practices Granting Agency: Office of Naval Research STTR Phase I Total Amount: \$100,000 Role: Principal Investigator (\$15,000)
2009 - 2007	Title: REU Supplement for CRI: Collaborative: Next Generation CiteSeer Granting Agency: National Science Foundation Amount: \$12,000 Role: Co-Principal Investigator (\$12,000).
2009 - 2006	Title: Synchronized Interactions Among Users, Systems, and Information Granting Agency: Air Force Research Lab Amount: \$463,000 Role: Principal Investigator (\$463,000).
2008 - 2005	Title: The Next Generation CiteSeer Granting Agency: National Science Foundation Amount: approximately \$1,444,984 Role: Co-principal Investigator with Dr. Lee Giles, Dr. Susan Gauch, and Dr. Jack Carroll (\$48,701)

<u>Funded Projects, Grants, Commissions, and Contracts</u>	
2009 - 2007	Title: Triggers in Collaborative Information Searching Granting Agency: National Science Foundation Amount: \$76,000 Role: Co-principal Investigator with Dr. Madhu Reddy (\$18,119)
2009 - 2008	Title: REU Supplement for Triggers in Collaborative Information Searching Granting Agency: National Science Foundation Amount: \$12,000 Role: Co-principal Investigator with Dr. Madhu Reddy (\$6,000)
2007 - 2006	Title: REU Supplement for CRI: Collaborative: Next Generation CiteSeer Granting Agency: National Science Foundation Amount: \$9,000 Role: Co-Principal Investigator (\$9,000).
2005 - 2004	Title: Design of Tools for Information Seeking, Management, and Analysis for a Lessons Learned Knowledge System Granting Agency: US Marine Corps Research University Amount: \$500,000 Role: Co-Principal Investigator (\$83,957)
2005	Title: Knowledge Management Granting Agency: US. Department of Defense, Defense Threat Reduction Agency (DTRA) Amount: \$625,832 Role: Co-Principal Investigator (\$18,439).
2006 - 2005	Title: REU Supplement for CRI: Collaborative: Next Generation CiteSeer Granting Agency: National Science Foundation Amount: \$6,000 Role: Co-Principal Investigator (\$6,000).
1998 -1996	Title: The use of software agents in information retrieval. Granting Agency: Army Research Laboratory Amount: \$68,000 Role: Principal Investigator (\$68,000)
1998	Title: Information searching on Web Search Engines Granting Agency: Army Research Laboratory Amount: \$5,000 Role: Principal Investigator (\$5,000)

Funded Projects, Grants, Commissions, and Contracts

1997	Title: Software agents for information retrieval. Granting Agency: Army Research Laboratory Amount: \$5,000 Role: Principal Investigator (\$5,000)
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Software Developed

Software Development: Client-side Application for Automated Searching: that automates searching tactics via user implicit feedback.

Software Development: Application for Real-time Evaluation of Search Engine Performance: that automates the evaluation of Web search engines.

Teaching

At *Hamad Bin Khalifa University* (Current – 2017), College of Science and Engineering, I developed ICT632 Advanced Applications of the Web and Internet, a course that I proposed and designed. A breath course, divided into eights modules, covering (a) web fundamentals, (b) ecommerce, (c) search, (d) social media, (e) cloud computing, (f) web analytics, (g) marketing analysis, and (h) mobile. An assignment due every week. 8 individual assignment. 7 team assignments. I designed the course so the students used the technologies they were studying.

At *The Pennsylvania State University* (2016 – 2002), I have taught a variety of information technology-related courses, including the undergraduate capstone project leadership course, the introductory freshman course, online marketing, graduate seminar course, and a graduate course on human information interaction. Additionally, I have mentored students in a variety of independent studies and have been on several course development committees.

At The Pennsylvania State University (2016 – 2002):

- Committee Lead, curriculum development team for a college-level executive masters program.
- Committee Lead, curriculum development committee for re-design of the undergraduate senior – level capstone course.
- Committee Member, curriculum development team for re-design of the undergraduate freshmen level introductory course.
- Committee Member, curriculum development team for the establishment of a university-wide Business Analytics minor
- Faculty Lead, development team for the establishment of a university-wide professional library certification program

Teaching

- Committee Member, curriculum development team for the establishment of a college Entrepreneurship minor
- Course Development: (1) undergraduate capstone course in IT project management, (2) graduate course in information searching, (3) undergraduate course in keyword advertising, (4) graduate course in web analytics, (5) undergraduate course in entrepreneurship technology

2015 – Mentor for one team in the **Google Final 15 in The Google Online Marketing Challenge** for 2014. The team was in the top fifteen from 4,000 teams from around the world (top 0.4%).

Mentor for team in the **Google Non-profit Challenge** for 2014. The teams were the top more than 4,000 teams from around the world (top 0.4%).

2014 – Mentor for three teams in the **Global Final 15 in The Google Online Marketing Challenge** for 2013. The teams were in the top fifteen from 4,000 teams from around the world (top 0.4%).

Mentor for two teams in the **Google Media Marketing Challenge** for 2013. The teams were the top more than 4,000 teams from around the world (top 0.4%).

2013 – Mentor for one team in the **Global Final 15 in The Google Online Marketing Challenge** for 2012. The team was in the top fifteen from more than 4,000 teams from around the world (top 0.4%).

2012 – Mentor for three teams in the **Global Final 15 in The Google Online Marketing Challenge** for 2011. The three teams were in the top fifteen from 4,000 teams from around the world (top 0.4%).

2010 – Mentor for two teams in the **Global Final 15 in The Google Online Marketing Challenge** for 2009. The two teams were in the top fifteen from 3,000+ teams from around the world (top 0.5%).

Had eight other teams get honorable mention by placing in the Top 100 Global Teams and five other teams place in the Top 10% of all teams.

2010 – Mentor for two student teams that took 1st and 3rd in the **Penn State IdeaPitch Competition**, which is a university wide Penn State entrepreneurship competition.

2009 – Mentor for three teams in the **Global Final 15 in The Google Online Marketing Challenge** for 2009. The three teams were in the top fifteen from 2,107 teams from around the world.

Had seven other teams get honorable mention by placing in the top 50 teams in the Americas region.

2009 - **Schreyer Honors College Teaching Grant** Recipient for developing multi-disciplinary keyword advertising, marketing, and technology course.

Teaching

2008 – Mentor for the **winning team in the Americas region in The Google Online Marketing Challenge for 2008**. One of the top four teams from 1,620 teams from around the world. Won a trip to the GooglePlex with the students, plus the students all won laptops.

Had two other teams get honorable mention by placing in the top 50 teams in the Americas region.

2008 – Selected as **Faculty Marshall** by Student Marshall of Computer Science and Engineering Department, College of Engineering, The Pennsylvania State University as faculty member who had the biggest impact on student's academic career

2008 – **Professor of the Year nominee** for College of Information Sciences and Technology, The Pennsylvania State University, 16802

2003 Selected as **Faculty Marshall** by Student Marshall of School of Information Sciences and Technology, The Pennsylvania State University as faculty member who had the biggest impact on student's academic career

Guest lecturer for a month (2000) at the *Korean Military Academy* in Seoul, Republic of Korea.

At the *University of Maryland* (Asian Division) (2000 – 1999), taught courses on Web/Internet and multimedia design.

At the *United States Military Academy* (1999 – 1996), I taught several computer science-related courses including introductory programming, advanced programming, micro-computing, and databases. Also, mentored students in a variety of independent studies.

As executive officer for the department (1999 – mid 1997), was responsible for course scheduling, instructor assignments, classroom allocation, student counseling, as well as many other duties concerning the day-to-day operation of the department.

Membership on Degree Committees

The Pennsylvania State University
College of Information Sciences and Technology

Chair or Co-Chair

Partha Mukherjee (Committee Chair) (PhD degree conferred in 2016)
Alex Brown (Committee Chair) (M.S. degree conferred in 2016)
Zhe Liu (Committee Chair) (PhD degree conferred in 2014)
Dan Coughlin (Committee Chair) (PhD degree conferred in 2014)
Carolyn Hafernik (Committee Chair) (M.S. degree conferred in 2013)
Adan Ortiz-Cordova (Committee Chair) (M.S. degree conferred in 2013)
Jian-Syuan Wong (Committee Chair [until 2016]) (PhD degree expected in 2018)
Steve Carmen (Committee Chair [until 2013]) (M.S. degree conferred in 2013)

Membership on Degree Committees

Kathleen Moore (Committee Chair [until 2012]) (PhD degree expected in 2015)
Mimi Zhang (Committee Chair) (PhD degree conferred in 2010)
Mike Hills (Committee Chair) (PhD degree conferred in 2010)
Hyun-Woo Kim (Committee Co-Chair) (M.S. degree conferred in 2010)
Young Shin Kim (Committee Co-Chair) (M.S. degree conferred in 2010)

Committee Member

Eric McMillan (Committee Member) (PhD degree expected in 2017)
Nathan McNeese (Committee Member) (PhD degree conferred in 2014)
Patricia Spence (Committee Member) (PhD degree conferred in 2013)
Arvind Karunakaran (Committee Member) (M.S. degree conferred in 2011)
Yusuf Raza (Committee Member) (M.S. degree conferred in 2009)
Sharoda Paul (Committee Member) (PhD degree conferred in 2009)
Allison Morgan (Committee Member) (PhD degree conferred in 2008)
Mithu Bhattacharya (Candidacy Committee Member, 2005)
Scott Robertson (Candidacy Committee Chair, 2004)

The Pennsylvania State University
Workforce Education and Development Program, College of Education
John Dolan (Committee Co-Chair [until 2012]) (PhD degree expected in 2013)

The Pennsylvania State University
School of Hospitality and Management
Lu Zhang (Committee Co-Chair) (M.S. degree conferred in 2009)

The Pennsylvania State University
Department of Industrial and Manufacturing Engineering
Himanshu Sharma (Committee Chair) (M.S. degree conferred in 2005)
Sourav Sengupta (Committee Chair) (M.S. degree conferred in 2005)
Ying Zhang (Committee Chair) (M.S. degree conferred in 2008)

The Pennsylvania State University
Department of Electrical Engineering
Vijay Mohan (Committee Co-Chair) (M.S. degree conferred in 2009)
Dheepak Ramaswamy (Committee Co-Chair) (M.S. degree conferred in 2009)
Ashish Kathuria (Committee Chair) (M.S. degree conferred in 2007)

The Pennsylvania State University
Department of Computer Science and Engineering
Yanjun Gao (Committee co-Chair)[until 2017](PhD degree expected in 2018)
Chandrika Gopalakrishna (Committee Chair) (M.S. degree conferred in 2008)

The University of Pittsburgh
School of Information Sciences
Department of Library and Information Science
Zhen Yue (Committee Member) (Ph.D. degree conferred in 2014)
Minsoo Park (Committee Member) (Ph.D. degree conferred in 2008)

Rutgers, the State University of New Jersey

Membership on Degree Committees

School of Communication, Information and Library Studies
Yuelin Lee (Committee Member) (Ph.D. degree conferred in 2008)

The Pennsylvania State University

Schreyer Honors College, thesis advising
Megan Krause (B.S. degree conferred 2107)
Allie Whitman (B.S. degree conferred 2106)
Adan Ortiz-Cordova (B.S. degree conferred 2011)
Bradley Shively (B.S. degree conferred 2010)
Kate Sobel (B.S. degree conferred 2010)
Steven Troxell (B.S. degree conferred in 2008)
Steven Clancy (B.S. degree conferred in 2007)
Paulo Molina (B.S. degree conferred in 2004)
Chris Catalano (B.S. degree conferred in 2004)
Andy Shingle (B.S. degree conferred in 2004)

Supervision of Other Undergraduate Research

Student	Degree	Major	University	Role
Arielle Amchin	BS	Marketing	Penn State	Research Mentor
Arun Das	BS	CS	Brown University	Research Mentor
Manisha Daredy	BS	MIS	Carnegie Mellon Qatar	Research Mentor
Satyajit Narayanan	BS	CS	Bharati Vidyapeeth University	Research Mentor
Will Berkheiser	BS	IST	Penn State	Work Study Mentor http://studentaid.psu.edu/types-of-aid/work-study-and-employment/work-study/about
Pat Bonner	BS	IST	Penn State	Research Mentor
Danielle Booth	BS	IST	Penn State	Research Mentor
Anna Brown	BS	IST	Penn State	Research Mentor
Nicole Butera	BS	Chemistry	Penn State	Women in Science and Engineering Research (WISER) Mentor http://pa.spacegrant.org/wiser
Chris Ciamacca	BS	IST	Penn State	Research Mentor
Karen Lee	BS	IST	Penn State	Research Mentor
Dana Kracow	BS	IST	Penn State	Research Mentor
Daehee Park	BS	IST	Penn State	Research Mentor
Melissa Reizner	BS	IST	Penn State	Research Mentor
Mitchell Rukat	BS	IST	Penn State	Research Mentor
Paul Rinaldi	BS	IST	Penn State	Research Mentor
Simone Schuster	BS	Advertising	Penn State	Research Mentor

Supervision of Other Undergraduate Research

Student	Degree	Major	University	Role
Laura Solomon	BS	Advertising	Penn State	Research Mentor
Meng Ting Sun	BS	Accounting	Penn State	Research Mentor
Pete Smith	BS	IST	Penn State	Research Mentor
Megan Tan	BS	Marketing	Penn State	Research Mentor
Courtney Weaver	BS	IST	Penn State	Research Mentor

Professional Service

Editorial Boards

Current – 2016	Editor-in-chief, <u>Information Processing & Management</u> (Elsevier)
Current – 2016	Editorial Board Member, <u>Information Discovery and Delivery</u>
Current – 2012	Editorial Advisory Board Member, <u>Social Networks</u>
Current – 2011	Editorial Advisory Board Member, <u>International Journal of Electronic Business</u>
Current – 2009	Editorial Advisory Board Member, <u>Journal of the American Society for Information Science and Technology</u>
Current – 2009	Editorial Advisory Board Member, <u>Future Internet</u>
Current – 2006	Editorial Panel, <u>International Journal of Internet Science</u>
Current – 2006	Editorial Advisory Board Member, <u>Information Research</u>
Current – 2004	Editorial Advisory Board Member, <u>Information Processing & Management</u>
2016 – 2011	Editor-in-chief, <u>Internet Research</u> (Emerald)
2011 - 2004	Editorial Advisory Board Member, <u>Journal of Internet Research</u>
2010 - 2004	Editorial Advisory Board Member, <u>Library and Information Science Journal</u>
2008 - 2004	Associate Editor (Book Reviews), <u>Information Processing & Management</u>
1996 –1998	Student Editor, <u>SIG Computer Human Interaction SIGCHI Bulletin</u>

Professional Service

Tenure Letters

- 2017 External Promotion Letter for faculty member of Department of Computer Information Systems, Jordan University of Science and Technology.
- 2016 External Promotion Letter Writer for faculty member of School of Information Sciences at the University of Pittsburgh
- 2016 External Promotion Letter Writer for faculty member of School of Business, McMaster University
- 2016 External Tenure Letter Writer for faculty member of Department of Library and Information Science, The Catholic University of America
- 2015 External Tenure Letter Writer for faculty member of School of Communication and Information, Rutgers University
- 2013 External Tenure Letter Writer for faculty member of College of Information Science and Technology, Drexel University
- 2013 External Tenure Letter Writer for faculty member of Graduate School of Management, University of Haifa
- 2012 External Tenure Letter Writer for faculty member of Faculty of Social Sciences, Bar-Ilan University
- 2012 External Tenure Letter Writer for faculty member of Henry B. Tippie College of Business, The University of Iowa
- 2012 External Tenure Letter Writer for faculty member of School of Business, North Carolina Central University
- 2010 External Tenure Letter Writer for faculty member of School of Business Administration, Bar Ilan University, Israel
- 2009 External Tenure Letter Writer for faculty member of Computer Information Systems Department, Bentley University

Professional Service

Ad hoc Reviewing

- 2016 Reviewer, IEEE Systems, Man and Cybernetics, Computers in Human Behavior, International Journal of Human Computer Interaction, Cornell Hospitality Review
- 2015 Reviewer, Transactions on Intelligent Systems and Technology, Journal of Organizational Computing and Electronic Commerce, European Journal of Marketing, Journal of Information Management, Transactions on Management Information Systems

Professional Service

Ad hoc Reviewing

- 2014 Reviewer, MIS Quarterly, Journal of Organizational Computing and Electronic Commerce, Computers in Human Behavior, Journal of Documentation, IEEE Systems, Man and Cybernetics, Tourism Management
- 2013 Reviewer, Technological Forecasting & Social Change, IEEE Systems, Man and Cybernetics, International Journal of Electronic Commerce, ACM Transactions on the Web, Journal of Interactive Marketing, Journal of Electronic Commerce Research (2x), Electronic Commerce Research, Communications of the Association for Information Systems, Transactions on Computer-Human Interaction, Information Research, Information and Management
- 2012 Reviewer, Electronic Commerce Research, International Journal of Information Management, Journal of Information Science, Communication Research, International Journal of Internet Science, Journal of Organizational Computing and Electronic Commerce, Social Science Computer Review, Information Research, MIS Quarterly, Journal of Organizational Computing and Electronic Commerce, Library and Information Science, IEEE Transactions on Multimedia, Advances in Human-Computer Interaction (2x), Journal of Theoretical and Applied Electronic Commerce Research (3x), ACM Transactions on Computer-Human Interaction
- 2011 Reviewer, IEEE Transactions on Multimedia, Information Technology and People, Journal of Computer-Mediated Communication (2x), Sage Publishing, Electronic Commerce Research, International Journal of Electronic Commerce, Journal of Interactive Marketing (2x), ACM Transactions on the Web, ACM Transactions on Computer-Human Interaction
- 2010 Reviewer, International Journal of Information Management (2x), ACM Transactions on the Web, Social Science Computing Review, MIS Quarterly, International Journal of Human-Computer Studies, PLoS One, Information Research, Netherlands Organisation for Scientific Research, Computing Surveys, Information Sciences, Future Internet, International Information and Library Review, International Journal of Internet Science, Behaviour & Information Technology, Journal of Media Economics

Reviewer Award

- 2010 Outstanding Reviewer for the Year, Internet Research
- 2009 Reviewer, The Computer Journal, ACM Transactions on the Web, International Journal of Electronic Commerce, Data & Knowledge Engineering Journal, ACM Transactions on Information Systems
- 2008 Reviewer, Journal of the Academy of Marketing Science, ACM Transactions on the Web, ACM Transactions on Information Systems, Decision Support Systems, New Media & Society, IEEE Internet Computing, Journal of Service Science and Management, IEEE Transactions on Professional Communication, International Journal of Knowledge Management Studies
- 2007 Reviewer, Simulation Modelling Practice and Theory, ACM Transactions on Information Systems

Professional Service

Ad hoc Reviewing

- 2006 Reviewer, Journal of Information Science, ACM Transactions on Information Systems
- 2005 Reviewer, Journal of Medical Internet Research, ACM Transactions on Information Systems
- 2005 Reviewer, IEEE Systems, Man and Cybernetics Journal, Computer Networks Journal
- 2004 Reviewer, Information Retrieval, Information Processing & Management, Journal of Web Engineering, Journal of Library & Information Science Research
- 2003 Reviewer, IEEE Proceedings-Software, Information Processing & Management
- 2002 Reviewer, Journal of Informing Science, Information Processing & Management, The World Wide Web Journal
- 2001 Reviewer, International Journal of Human Computer Studies, Information Processing & Management
- 1999 Reviewer, Information Processing & Management
- 1998 Reviewer, Computer Science Education Journal, Information Processing & Management

Professional Service

Grant Reviewing

- 2015 Reviewer, Qatar Research Program, Qatar Foundation
- 2014 Reviewer, grant panelist for National Science Foundation, CISE Research Infrastructure (CRI) program February 2014.
- 2013 Reviewer for grant proposal for Reviewer, American Association for the Advancement of Science (AAAS) Research Competitiveness Program Grant Proposal for funding through the Maine Technology Institute's Development Awards
- 2012 Reviewer, Army Research Lab Grant Proposal
- 2011 Reviewer, National Science Foundation Grant Proposal
- 2011 Reviewer, American Association for the Advancement of Science (AAAS) Research Competitiveness Program Grant Proposal for funding through the Maine Technology Institute's Development Awards
- 2010 Reviewer, Standard Research Grants program of the Social Sciences and Humanities Research Council of Canada (SSHRC) Grant Proposal

Professional Service

Grant Reviewing

- 2010 Reviewer for grant proposal for Reviewer, American Association for the Advancement of Science (AAAS) Research Competitiveness Program Grant Proposal for funding through the Maine Technology Institute's Development Awards
- 2008 Reviewer, Israel Science Foundation Grant Proposal
- 2007 Reviewer, Air Force Office of Scientific Research Grant Proposal
- 2007 Reviewer, Israel Science Foundation Grant Proposal
- 2004 Grant Reviewer, Arts and Humanities Research Board Grant Proposal, Whitefairs, Lewins Mead, Bristol, UK, BS1 2AE

Professional Service

Other

- 2016 Special Issue on Computational Advertising, IEEE Intelligent Systems. Guest Editors: Yanwu Yang, Huazhong University of Science and Technology, China; Yinghui Yang, University of California, Davis, US; Bernard J. Jansen, Qatar Computing Research Institute, HBKU; Mounia Lalmas, Yahoo Labs, UK.
- 2016 – 2007 Academic Panelist for The Google Online Marketing Challenge (<http://www.google.com/onlinechallenge/>). Based on registrations from more than 100 countries and more than 11,000 student teams, the Challenge may be the largest, worldwide educational course ever done.
- 2015 External Examiner for Spanish PhD thesis (Universitat Pompeu Fabra Barcelona)
- 2014 – 2013 Faculty Advisor for the Penn State Digital Marketing Association
- 2012 External Examiner for Australian PhD thesis (Queensland University of Technology)
- 2012 - 2011 Member, Research Committee, Search Engine Marketing Professional Organization (SEMPO)
- 2011 – 2009 Chair of the American Society for Information Science and Technology (ASIST) Information Science Education Committee
- 2010 Reviewer, Cambridge University Press book proposal
- 2010 Reviewer, Cambridge University Press book proposal
- 2010 External Examiner for Australian PhD thesis (University of Sydney)

Professional Service

Other

- 2009 – 2006 Chair of the American Society for Information Science and Technology (ASIST) Information Science Education Committee Dissertation Jury

- 2008 External Examiner for Australian PhD thesis (The University of New South Wales)

- 2008 External Examiner for Australian PhD thesis (The University of New South Wales)

- 2008 Guest Editor, **International Journal of Electronic Business (IJEB)**. Special Issue on Sponsored Search

- 2007 External Examiner for Australian PhD thesis (Monash University)

- 2007 Guest Editor, with Andy Edmond, Kirstie Hawkey, Melanie Kellar, and Don Turnbull. Journal of Web Engineering. Special Issue on Logging Traces of Web Activity

- 2006 Guest Editor, Bulletin of the American Society for Information Science and Technology. Special Issue on Paid Search, January 2006

- 1995 -1994 President, Computer Science Graduate Students Association, Texas A&M University, College Station, Texas.

Professional Service

Conference Activities

- 2016 Chair, Program Committee, The Second International Workshop on Online Social Networks Technologies (OSNT-2016), 13th ACS/IEEE International Conference on Computer Systems and Applications AICCSA 2016. 29 November - 2 December.

- 2016 Chair, Program Committee, The Third International Workshop on Social Networks Analysis, Management and Security (SNAMS - 2016), The 4th International Conference on Future Internet of Things and Cloud (FiCloud-2016), Vienna, Austria. 22-24 August.

- 2016 Reviewer, Papers and Posters, 79th Annual Meeting of the American Society for Information Science and Technology (ASIST 2016). Copenhagen, Denmark. 14-18 October.

- 2015 Program Committee, 7th International Joint Conference on Knowledge Discovery, Knowledge Engineering and Knowledge Management, Lisbon, Portugal. 12-14 Nov.

- 2015 Meta-Reviewer, Papers and Posters, 78th Annual Meeting of the American Society for Information Science and Technology (ASIST 2015). St. Louis, Mo. 6-10 November.

- 2015 Reviewer, ACM CHI Conference on Human Factors in Computing Systems, Seoul, South Korea. 18-23 April.

Professional Service

Conference Activities

- 2014 Reviewer, Papers and Posters, 77th Annual Meeting of the American Society for Information Science and Technology (ASIST 2014). Montreal, Canada. 31 October-4 November.
- 2014 Program Committee: 3rd International Information Systems for Crisis Response and Management Conference (ISCRAM 2014), State College, PA. May 2014.
- 2014 Reviewer, ACM CHI Conference on Human Factors in Computing Systems, Toronto, Canada. 26 April – 1 May.
- 2013 Reviewer, Papers, 76th Annual Meeting of the American Society for Information Science and Technology (ASIST 2013). Montreal, Canada. 1-6 November.
- 2013 Reviewer, Posters, 76th Annual Meeting of the American Society for Information Science and Technology (ASIST 2013). Montreal, Canada. 1-6 November.
- 2013 Reviewer, 22nd International World Wide Web Conference (WWW 2013). 13th-17th, May, Rio de Janeiro, Brazil.
- 2013 Program Committee: European Conference on Information Retrieval (ECIR 2013) Workshop on Group Membership and Search (GRUMPS), 24 March, Moscow, Russia
- 2013 Program Committee: Sixth ACM WSDM Conference on Web Search and Data Mining Workshop on Web Search Click Data, 4-8 February, Rome, Italy.
- 2012 Program Committee: Fourth Information Interaction in Context Conference (IIIX 2012), Nijmegen, the Netherlands, 21-24 August 2012.
- 2011 Session Track Chair, 74th Annual Meeting of the American Society for Information Science and Technology (ASIST 2011). 9-13 October. New Orleans, LA.
- 2011 Program Committee, iConference. Toronto, Canada, 7-10 February.
- 2011 Program Committee: 33rd European Conference on Information Retrieval (ECIR 2011), Best Paper Committee, Dublin, Ireland, 19-21 April 2011
- 2011 Program Committee: 33rd European Conference on Information Retrieval (ECIR 2011), Workshop on Information Retrieval Over Query Sessions, Dublin, Ireland, 19-21 April 2011.
- 2011 Program Committee: 12th ACM Conference on Electronic Commerce (EC11). San Jose, CA. 5-9 June.
- 2011 Program Committee: Conference on Multilingual and Multimodal Information Access Evaluation (CLEF 2011). Amsterdam, the Netherlands, 19-22 September 2011.

Professional Service

Conference Activities

- 2011 Program Committee: 33rd European Conference on Information Retrieval (ECIR 2011). Dublin, Ireland. 18-21 April.
- 2010 Program Committee, American Society for Information Science and Technology Annual Meeting 2010. Pittsburgh, PA. 22-27 October.
- 2010 Program Committee: Conference on Multilingual and Multimodal Information Access Evaluation (CLEF 2010). Padua, Italy, 20-23 September.
- 2010 Program Committee: LREC 2010 Workshop on Web Logs and Question Answering (WLQA2010). Malta, 22 May.
- 2010 Program Committee: 32st European Conference on Information Retrieval (ECIR 2010). Keynes, UK. 28-31 March.
- 2009 Program Committee: Web Information and Data Management. 19th International Conference on Information and Knowledge Management (CIKM 2009). Hong Kong. 6 November.
- 2009 Program Committee: Workshop on the Analysis of System Logs. 22nd ACM Symposium on Operating Systems Principles. Big Sky, MT. 14 October.
- 2009 Program Committee: Collaborative Information Behavior. GROUP 2000. Sanibel Island, Florida. 10 May.
- 2009 Program Committee: Qualitative and Quantitative Methods in Libraries International Conference (QQML2009). Chania, Crete, Greece, 26-29 May.
- 2009 Program Committee: 31st European Conference on Information Retrieval (ECIR 2009). Toulouse, France. 6-9 April.
- 2009 Reviewer, ACM Conference on Computer Human Interaction 2009 (CHI 2009), Boston, MA, 4 – 9 April.
- 2008 Reviewer, 18th Conference on Information and Knowledge Management (CIKM 2008). Napa Valley, California. 26-30 October.
- 2008 Program Committee: Workshop on Human-Computer Interaction and Information Retrieval (HCIR 2008). Redmond, Washington. 23 October.
- 2008 Program Committee: 1st Information Interaction in Context Symposium (IiiX 2008). London, United Kingdom. 14-17 October.
- 2008 Program Committee: 2008 Ad Auctions Workshop. ACM Conference on Electronic Commerce in Chicago, IL. 8-9 July.

Professional Service

Conference Activities

- 2008 Reviewer, Southern Association for Information Systems Conference (SAIC 2008), Richmond, VA, USA 13–15 March.
- 2007 Program Committee, IEEE International Conference on Intelligence and Security Informatics 2007 (ISI 2007), New Brunswick, New Jersey. 23-24 May, 2007
- 2007 Reviewer, Graphics Interface 2007, Montréal, Canada, 28 – 30 May 2007.
- 2007 Reviewer, American Society for Information Science and Technology Annual Meeting 2007. Milwaukee, Wisconsin. 18-25 October.
- 2007 Program Committee, 8th World Congress on the Management of eBusiness. Toronto, Canada. 11-13 July.
- 2007 Program Committee, WWW'07 Workshop on Query Log Analysis: Social and Technological Challenges. World Wide Web 2007, Banff, Alberta, Canada. 8 May.
- 2007 Program Committee, WWW'07 Workshop on Sponsored Search. World Wide Web 2007, Banff, Alberta, Canada. 8 May.
- 2007 Program Committee, Chi'07 Workshop on Exploratory Search and HCI: Designing and Evaluating Interfaces to Support Exploratory Search Interaction. ACM CHI2005, Conference on Human Factors in Computing Systems (CHI'07), San Jose, CA. 29 April 2007.
- 2007 Program Committee, IEEE Intelligence and Security Informatics Conference (ISI 2007), New Brunswick, NJ. 23 – 24 May, 2007.
- 2006 Program Committee: 2006 Research Symposium of the Special Interest Group on Human-Computer Interaction. American Society for Information Science and Technology. Austin, Texas. 5 November 5, 2006
- 2006 Reviewer, Hawaii International Conference on System Sciences 2007. Waikoloa, Big Island, Hawaii. 3-6 January, 2007.
- 2006 Program Committee: IEEE Information Technology: New Generations (ITNG) 2006, Las Vegas, NV. 16 -19 April 2007.
- 2006 Reviewer for SIGIR 2006 Workshop on Evaluating Exploratory Search Systems. The 29th Annual International ACM SIGIR Conference on Research & Development on Information Retrieval (SIGIR2006). 6-11 August. Seattle, Washington.
- 2006 Program Committee: 4th International Conference on Information Technology: New Generations, 16-19 April, 2007, Las Vegas, Nevada.

Professional Service

Conference Activities

- 2006 Program Committee: 1st Information Interaction in Context Symposium (IliX symposium). Copenhagen, Denmark. 18-20 October 2006.
- 2006 Program Committee: IEEE Information Technology: New Generations (ITNG) 2006, Las Vegas, NV. 10 – 12 April 2006.
- 2006 Reviewer, The Fourth Annual Pre-ICIS Workshop on HCI Research in MIS, International Conference on Information Systems, 2005.
- 2006 Reviewer, Human Factors and Ergonomics Society 49th Annual Meeting, 2005.
- 2006 Program Committee: IEEE 6th International Conference on Information Technology, Coding and Computing. Las Vegas, Nevada. 5-7 April 2005.
- 2006 Program Committee: the 5th International Conference on Conceptions of Library and Information Science, Glasgow, Scotland, 6-9 June 2005.
- 2006- 2002 Reviewer, ACM SIGIR International Conference on Information Retrieval.
- 2006 Session Track Co-chair, Web Searching Sessions (Three tracks), the IEEE 5th International Conference on Information Technology, Coding and Computing. Las Vegas, Nevada. 4-6 April 2005.
- 2005 Program Committee, IEEE 6th International Conference on Information Technology, Coding and Computing. Las Vegas, Nevada. 5-7 April, 2005.
- 2005 Program Committee, the 5th International Conference on Conceptions of Library and Information Science, Glasgow, Scotland, 6-9 June 2005.
- 2004 Session Track Co-chair, Web Searching Sessions (Three tracks), the IEEE 5th International Conference on Information Technology, Coding and Computing. Las Vegas, Nevada. 5-7 April, 2004.
- 2004 Reviewer, ACM CHI2005, Conference on Human Factors in Computing Systems
- 1998 Session Moderator, New Engineering Educators Conference, June 1998, Seattle, Washington.
- 1998 Co-organizer for ACM Computer Science Education Research Competition, February 1998, Atlanta, Georgia.
- 1998 Reviewer, New Engineering Educators Conference
- 1998 Reviewer, American Society for Engineering Education National Conference
- 1997 Session Moderator for American Society for Engineering Education National Conference, June 1997, Milwaukee, Wisconsin.

Advisory Boards

Current - 2012	CLAK Impressions http://www.linkedin.com/company/clak-impressions
Current - 2010	The Pennsylvania Technical Assistance Program (PennTAP), http://penntap.psu.edu/action-council/
Current - 2010	Innoblue, http://innoblue.org/
2016 - 2007	Global Academic Panel, Google Online Marketing Challenge, http://www.google.com/onlinechallenge/discover/judging-panel.html
2012 - 2010	Chief Marketing Officer (CMO Council) Advisory Board for research initiative, Localize to Optimize Sales Channel Effectiveness
2012 - 2010	Jabbit Board of Advisors, http://www.jabbit.com/

Invited Talks (Selected)

Keynote

Keynote, 13th ACS/IEEE International Conference on Computer Systems and Applications (AICCSA 2016). 29 Nov – 02 Dec. 2016, Agadir, Morocco.
<http://jimjansen.blogspot.com/2016/11/social-media-conversations-using-cross.html>

Keynote

Keynote, 2016 Sixth National Doctoral Forum of Information Science, 7-18 July 2016, Tianjin, China.
<http://jimjansen.blogspot.qa/2016/07/keynote-speaker-at-2016-sixth-national.html>

Keynote

Keynote, The 7th International IEEE on Information and Communication Systems (ICICS 2016), 5-7 April, Irbid, Jordan.

Keynote

Keynote, The 10th International ACM Conference on Ubiquitous Information Management and Communication (IMCOM 2016), 4-6 January, Danang, Vietnam.
<http://jimjansen.blogspot.qa/2015/12/imcom-2016-keynote-transformed-role-of.html>

Presentation, Sungkyunkwan University (Sowan Campus), 23 April 2015, Seoul, South Korea. <http://jimjansen.blogspot.com/2015/04/visit-to-department-of-interaction.html>

Presentation, National Research University Higher School of Economics, 10 March 2014, St. Petersburg, Russia
<http://jimjansen.blogspot.com/2014/03/presentation-at-national-research.html>

Presentation, Yandex, 11 March 2014, St. Petersburg Russia.
<http://jimjansen.blogspot.com/2014/03/visit-to-yandex-headquarters-in-st.html>

Invited Talks (Selected)

Presentation, Sungkyunkwan University (Sowan Campus), 20-21 June 2013, Seoul, South Korea.

<http://jimjansen.blogspot.com/2013/06/research-workshop-discussion-on-web.html>

Presentation, Library and Information Science Department and College of Information and Media, Duksung Women's College, 19 June 2013, Seoul, South Korea.

<http://jimjansen.blogspot.com/2013/06/theoretical-constructs-of-searching-and.html>

Presentation, Library and Information Science Department, College of Liberal Arts, Sungkyunkwan University, 18 June 2013, Seoul, South Korea.

<http://jimjansen.blogspot.com/2013/06/keyword-advertising-research.html>

Presentation, Qatar Computer Research Institute, 24-29 April 2013, Doha, Qatar.

<http://jimjansen.blogspot.com/2013/04/research-presentation-to-folks-at-qatar.html>

Presentation, Department of Decision Sciences, College of Business and Public Administration, Old Dominion University, 14-15 April 2013, Norfolk, VA.

<http://jimjansen.blogspot.com/2013/04/keyword-advertising-presentation-to.html>

Presentation, Google Online Marketing Challenge Workshop, The University of Illinois at Urbana-Champaign, 11 March 2013.

<http://jimjansen.blogspot.com/2013/03/gomc-presentation-to-students-at.html>

Presentation, Casual Living Conference 2012, 22-24 February 2012, Sarasota, FL.

<http://accentsandfurnishings.com/conferences/casualivingconference/2012/index.html>

Keynote, The Direct Marketing Association of Washington (DMAW) Professor Institute. 3-4 January 2012, Washington. DC.

http://www.dmawef.org/Professors_Page/Professors_Page.html

Presentation, Advance 2011: Rediscovering the Customer. 20-22 September 2011, San Diego, CA. <http://www.idanalytics.com/advance2011/>

Webinar, Web Analytics Webinar for the American Society for Information Science and Technology, 17 June 2011. <http://asist.org/Conferences/webinars/2011/web-analytics.html>

Keynote Keynote, Buying and Selling eContent 2011. 28 March 2011, Scottsdale, AR. <http://www.buy-sell-econtent.com/2011/Speakers/JimJansen.aspx>

Presentation, Evri (semantic news aggregation company). 10 February 2011, Seattle, WA <http://jimjansen.blogspot.com/2011/02/visit-to-evri-semantic-news-aggregation.html>

Presentation, IMPAQT (search engine marketing agency). 10 November 2010, Pittsburgh, PA. <http://jimjansen.blogspot.com/2010/11/visit-to-search-engine-marketing.html>

Presentation, Yahoo! Research Lab. 9 November 2010, New York, New York. <http://jimjansen.blogspot.com/2010/11/visit-to-yahoo-research-labs-new-york.html>

Invited Talks (Selected)

Presentation, School of Communication and Information, Rutgers University. 8 November 2010, New Brunswick, NJ.

University-wide Presentation, Ryerson University, 18 October 2009, Toronto, Canada.

Presentation, Query Log Analysis: From Research to Best Practice 2009/ 27-28 May. London, UK. Funded by European Union project on Evaluation, Best Practices and Collaboration for Multilingual Information Access.

<http://ir.shef.ac.uk/cloughie/qlaw2009/index.html>

Presentation, Query Log Analysis: From Research to Best Practice 2009/ 27-28 May. London, UK. Funded by European Union project on Evaluation, Best Practices and Collaboration for Multilingual Information Access.

<http://ir.shef.ac.uk/cloughie/qlaw2009/index.html>

Presentation, Google. 30 October 2008. Mountain View, CA.

Presentation, IMPAQT (search engine marketing agency). 28 October 2008, Pittsburgh, PA.

<http://jimjansen.blogspot.com/2008/10/visit-to-sem-impagt.html>

Presentation, Mahalo (a human power search engine). 6 July 2008, Los Angeles, CA.

<http://jimjansen.blogspot.com/2008/07/mahalo-human-power-search-engine.html>

Presentation, Pepperjam (search engine marketing agency). 24 June 2008, Wilkes-Barre, PA.

<http://jimjansen.blogspot.com/2008/06/visit-to-pepperjam.html>

Presentation, School of Communication and Information, Rutgers University. 2 September 2005, New Brunswick, NJ.

Presentation, College of Information, University of North Texas, 15 June 1998. Denton, TX

Membership in Professional Societies

American Society for Information Science and Technology (ASIST)

Armed Forces Communications and Electronics Association (AFCEA)

Association for Computing Machinery (ACM)

The Institute of Electrical and Electronics Engineers (IEEE)

Societies: Computer Society

Keynote

Professional Experience

Numerous **consulting projects** and **expert witnessing** (class action suits, patent litigation, and civil litigation)

US Army Officer (2002 – 1985): Held various command and staff positions of progressively increasing responsibility. Responsible for vision articulation, planning, directing, and day-to-day management of organizations ranging in size from 10 to over 200 personnel. Served in numerous locations in the United States, Europe, Central America, and the Far East as a communication officer. Responsible for the planning and installation of various types of communication systems including radio, telephone, computer and other digital networks. Served with the 8th U.S. Army Y2K Operational Evaluation Team validating critical information management systems. Responsible for the long term planning, developing, and budgeting of communication systems of all types for the U.S. Forces stationed on the Korean Peninsula. Responsible for a 22-person division that develops photographic, graphical, audio-visual and multimedia material for the U.S. Army War College.

Appendix B Testimony in the Last Four Years

Year Retained	Deliverables	Retained by	Case
2017	Deposition Report Research	Defendant	Originally styled: JEFFREY EPSTEIN, Plaintiff, vs. SCOTT ROTHSTEIN, individually, BRADLEY J. EDWARDS, individually, and L. M., individually, Defendant, IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT, IN AND FOR PALM BEACH COUNTY, FLORIDA. CASE NO.: 502009CA040800XX3OGBAG Law Firm: Searcy Denney Scarola Barnhart & Shipley, PA
2017	Deposition Report Research	Plaintiff	CONGOO, LLC, a Delaware limited liability company, d/b/a ADIANT (Plaintiff) v. SELL IT SOCIAL, LLC, a New York limited liability company, d/b/a REBEL CIRCUS (Defendant), Docket No. C-12037-16 Civil Action, Superior Court of New Jersey Chancery Division, Somerset County Law Firm: Beattie Padovano, LLC
2016	Deposition Report	Plaintiff	Jane Doe v. Transocean Offshore Deepwater Drilling Inc.; BHP Billiton Petroleum (Deepwater) Ltd.; Schlumberger Technology Corporation; Aramark Services, Inc., and RPS Group, Inc., Cause No. 2016-14927, In the 151st Judicial District Court of Harris County, Texas Law Firm: Arnold & Itkin LLP
2016	Deposition Report	Plaintiff	VIRGINIA L. GIUFFRE, Plaintiff, v. GHISLAINE MAXWELL, Defendant. Case #: 1:15-cv-07433 United States District Court Southern District of New York Law Firms: Boies Schiller & Flexner LLP and Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.
2015	Testimony Deposition Report	Plaintiff	WICKFIRE, LLC, Plaintiff, v. TRIMAX MEDIA, INC., LAURA WOODRUFF, WREI, INC., JOSH WEST, Defendants. CIVIL ACTION NO. 1:14-CV-34. IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS AUSTIN DIVISION Law Firms: Susman Godfrey LLP, Bracewell & Giuliani LLP, Denko Coburn Lauff LLP, Dykema Cox Smith, and Atlas Law PLLC

Year Retained	Deliverables	Retained by	Case
2014	Testimony Deposition Report	Plaintiff	<p>ERIN ANDREWS, Plaintiff, vs MARRIOTT INTERNATIONAL, INC., a Delaware Corporation; WESTEND HOTEL PARTNERS, LLC dba NASHVILLE MARRIOTT AT VANDERERBILT UNIVERSITY, a Delaware Limited Liability Company, and MICHAEL DAVID BARRETT, an individual, Defendants. CASE NO. 11C4831, which is pending in the Circuit Court for Davidson County Tennessee at Nashville.</p> <p>Law Firm: Greene Broillet & Wheeler LLP</p>

Appendix C Documents Referenced

Web Services

- Google Keyword Tool <https://adwords.google.com/KeywordPlanner>
- Google Search Engine www.google.com/
- Google Trends <https://www.google.com/trends/>

Reports and Articles Referenced

- British diver could sue billionaire over deleted tweet
<https://www.facebook.com/watch/?v=2169269729781608;>
https://www.facebook.com/search/str/British+diver+could+sue+billionaire+over+deleted+tweet/keywords_blended_videos
- Catherine Shu (2018) Elon Musk tweets he'll 'bet ya a signed dollar that Thai cave rescuer is a 'pedo'. TechCrunch. <https://techcrunch.com/2018/07/15/elon-musk-tweets-hell-bet-ya-a-signed-dollar-that-thai-cave-rescuer-is-a-pedo/>
- Elon Musk
https://twitter.com/elonmusk/status/1019472152796381185?ref_src=twsrc%5Etfw%7Ct_wcamp%5Etweetembed%7Ctwterm%5E1019472152796381185&ref_url=https%3A%2F%2Fqz.com%2F1330546%2Felon-musk-apologizes-for-calling-cave-diver-vernon-unsworth-a-pedophile%2F
- Elon Musk
https://twitter.com/elonmusk/status/1034481160783585280?ref_src=twsrc%5Etfw%7Ct_wcamp%5Etweetembed&ref_url=https%3A%2F%2Fwww.shortlist.com%2Fnews%2Felon-musk-pedo-guy-twitter-drew-olanoff
- Facebook Post Search Results, 13 Aug 2019
- Facebook Search Results, 13 Aug 2019
- Facebook Video Search Results 13 Aug 2019
- Google Ads Keyword historical metrics - vernon unsworth - Google Ads.pdf
- Google Trends
<https://trends.google.com/trends/explore?date=all&geo=US&q=vernon%20unsworth>
- Harvey Day (2018) The diver called a 'pedo' by Elon Musk has hired a lawyer and is preparing to sue. ShortList. <https://www.shortlist.com/news/elon-musk-pedo-guy-twitter-drew-olanoff>
- https://www.facebook.com/search/videos/?q=Thai%20cave%20rescuer%20considering%20legal%20action%20against%20Elon%20Musk&epa=SEARCH_BOX
- <https://www.nbcnews.com/news/us-news/washington-post-still-plays-catch-gaining-times-n833236>
- <https://www.nytimes.com/2018/11/01/business/media/new-york-times-earnings-subscribers.html>

- <https://www.sec.gov/Archives/edgar/data/1564708/000119312519219463/d741099d10k.htm>
- <https://www.theguardian.com/media/2018/jul/24/guardian-media-group-digital-revenues-outstrip-print-for-first-time>
- <https://www.theguardian.com/media/2018/oct/03/telegraph-to-put-politics-business-and-rugby-news-behind-paywall>
- <https://www.usatoday.com/story/money/2019/02/20/gannett-fourth-quarter-earnings-beat-expectations/2916215002/>
- Image from: 2018-08-28 Tweets with replies by Elon Musk (@elonmusk) _ Twitter.pdf
- Merriam-Webster: “the act of communicating false statements about a person that injure the reputation of that person: the act of defaming another”. See <https://www.merriam-webster.com/dictionary/defamation>
- Nick Glass The miraculous story of the Thai cave rescue. CNN. 13 July 2019. https://www.youtube.com/watch?v=d7uhm_OIXj4
- Ped- <https://en.wikipedia.org/wiki/Ped->
- Quora <https://www.quora.com/What-do-you-think-of-Just-what-was-the-point-of-Elon-Musks-non-practical-submarine-rescue-effort-in-Thailand>
- Snowball Sampling https://en.wikipedia.org/wiki/Snowball_sampling
- Thai cave rescuer considering legal action against Elon Musk <https://www.facebook.com/cnn/videos/10158557776651509/>
- Vernon Unsworth, Plaintiff, v. Elon Musk, Defendant. Case No. 2:18-cv-8048 in the United State District Court Central District of California, Complaint for Defamation
- YouTube Search Results, 13 Aug 2019

Appendix D Links to Articles Containing the Defaming Statements (all functional on the date that I viewed the article)

1. <https://thenextweb.com/opinion/2018/07/06/a-tale-of-two-elons-why-this-superhero-should-get-banned-from-twitter-but-wont/>
2. <https://Onion.com/en/article/95599>
3. <https://1045freshradio.ca/news/4332888/elon-musk-vern-unsworth-pedo/>
4. <https://defence.pk/pdf/threads/thai-cave-rescue-hero-elon-musk-can-stick-his-submarine-where-it-hurts.567724/>
5. <https://energy953radio.ca/news/4332888/elon-musk-vern-unsworth-pedo/>
6. <https://feedimo.com/story/29871311/Elon-Musk-calls-British-diver-in-Thai-cave-rescue-a-pedo-in-baseless-attack/>
7. <https://fortune.com/2018/07/15/elon-musk-thai-rescue-diver-pedo-guy/>
8. <https://globalnews.ca/news/4332888/elon-musk-vern-unsworth-pedo/>
9. <https://heavy.com/news/2018/07/elon-musk-vernon-unsworth-pedo-guy/>
10. <https://inews.co.uk/news/elon-musk-british-diver-pedo-guy-twitter/>
11. <https://kiwifarms.net/threads/elon-musk-calls-british-caver-who-advised-thai-cave-kid-rescue-pedo-on-twitter.45501/page-15>
12. <https://kywnewsradio.radio.com/articles/news/elon-musk-makes-unfounded-accusation-against-thai-cave-rescuer>
13. <https://news.yahoo.com/elon-musk-lashes-thai-cave-175229265.html>
14. <https://nypost.com/2018/07/15/furious-elon-musk-calls-thai-rescue-diver-a-pedo/>
15. <https://pressfrom.info/au/news/money/-73248-elon-musk-s-pedo-attack-rattles-tesla-investors-this-thing-is-unraveling.html>
16. <https://sanfrancisco.cbslocal.com/2018/07/15/elon-musk-makes-unfounded-accusation-against-thai-cave-rescuer/>
17. <https://southfront.org/in-twitter-meltdown-elon-musk-calls-thai-cave-diver-a-pedophile/>
18. <https://techcrunch.com/2018/07/15/elon-musk-tweets-hell-bet-ya-a-signed-dollar-that-thai-cave-rescuer-is-a-pedo/>
19. <https://thehill.com/blogs/blog-briefing-room/397095-elon-musk-tears-into-british-cave-diving-expert-who-helped-rescue>
20. <https://theweek.com/speedreads/784912/elon-musk-calls-diver-who-helped-save-boys-thailand-pedo>
21. <https://time.com/5339219/elon-musk-diver-thai-soccer-team-pedo/>
22. <https://www.adelaidenow.com.au/news/billionaire-elon-musk-calls-thai-rescuer-a-pedo/news-story/65315c4a68e255f597f3aa1d6fdd87da>
23. http://www.atlanticbb.net/news/read/article/newser-elon_musk_calls_key_player_in_thai_cave_rescue_a_p-rnewsersyn
24. <https://www.breitbart.com/tech/2018/07/15/elon-musk-calls-thai-cave-rescue-hero-pedo-guy-in-bizarre-twitter-outburst/>
25. <https://www.businessinsider.co.za/elon-musk-british-cave-diver-pedo-feud-thai-cave-rescue-2018-7>
26. <https://www.businessinsider.com/elon-musk-british-cave-diver-pedo-feud-thai-cave-rescue-2018-7>
27. <https://www.chicagotribune.com/nation-world/ct-elon-musk-thai-rescue-20180715-story.html>

28. <https://www.cnbc.com/2018/07/15/elon-musk-spars-with-thai-soccer-team-rescuer-in-blistering-tirade.html>
29. <https://www.digitaltrends.com/cool-tech/boring-company-spacex-thailand-rescue/>
30. <https://www.foxnews.com/tech/elon-musk-calls-diver-who-helped-save-thailand-boys-a-pedo-for-slamming-his-rescue-idea>
31. <https://www.ft.com/content/865bc7b0-8860-11e8-bf9e-8771d5404543>
32. <https://www.her.ie/news/diver-involved-thai-cave-rescue-considers-legal-action-elon-musk-413890>
33. <https://www.heraldsun.com.au/news/billionaire-elon-musk-calls-thai-rescuer-a-pedo/news-story/65315c4a68e255f597f3aa1d6fdd87da>
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35. <https://www.hollywoodreporter.com/news/elon-musk-calls-british-diver-involved-thai-cave-rescue-pedo-guy-twitter-1127203>
36. https://www.huffingtonpost.ca/entry/elon-musk-thai-cave-pedo-guy_n_5b4b7390e4b0bc69a7881148
37. https://www.huffingtonpost.in/2018/07/15/elon-musk-lashes-out-at-thai-cave-rescuer-baselessly-calls-him-a-pedo-guy_a_23482633/
38. <https://www.inc.com/erik-sherman/elon-musk-lashes-out-at-thai-cave-diver-ruins-good-will-he-could-have-had.html>
39. <https://www.independent.co.uk/news/world/asia/thai-cave-rescue-elon-musk-british-diver-vern-unsworth-twitter-pedo-a8448366.html>
40. <https://www.inquisitr.com/4986835/elon-musk-goes-on-twitter-rant-calls-british-diver-that-helped-in-thai-cave-rescue-pedo-guy/>
41. <https://www.insider.com/elon-musk-british-cave-diver-pedo-feud-thai-cave-rescue-2018-7>
42. <https://www.inverse.com/article/47045-elon-musk-calls-hero-of-thai-cave-rescue-pedo>
43. <https://www.mirror.co.uk/news/world-news/elon-musk-calls-hero-brit-12925681>
44. <https://www.newser.com/story/261992/elon-musk-calls-thai-cave-rescuer-pedo-deletes-tweet.html>
45. <https://www.straitstimes.com/world/elon-musk-insults-thai-cave-rescue-diver-5-other-headline-grabbing-moments-involving-the-tech>
46. <https://www.thedailybeast.com/elon-musk-calls-british-diver-in-thai-cave-rescue-a-pedo>
47. <https://www.themarysue.com/elon-musk-is-an-asshat/>
48. <https://www.thesouthafrican.com/news/what-did-elon-musk-call-thai-cave-diver/>
49. <https://www.usatoday.com/story/tech/nation-now/2018/07/15/elon-musk-thai-cave-rescue-diver-pedophile-twitter/786527002/>
50. <https://www.vox.com/2018/7/15/17573950/elon-musk-pedo-guy-cave-boys>
51. <https://www.yahoo.com/news/elon-musk-calls-diver-thai-165830683.html>
52. <https://1045freshradio.ca/news/4335268/thai-rescuer-pedo-guy-elon-musk-legal-action/>
53. <https://arstechnica.com/tech-policy/2018/07/elon-musk-could-face-lawsuit-for-calling-cave-rescuer-a-pedo-guy/>
54. <https://auntymike.com/british-caver-could-sue-elon-musk-over-twitter-attack/>
55. <https://austrian.economicblogs.org/zerohedge/2018/durden-twitter-meltdown-elon-musk-calls-thai-cave-diver-pedophile-deletes-tweet/>
56. <https://coconuts.co/bangkok/news/elon-musk-calls-british-rescue-diver-a-pedo-while-defending-his-mini-sub/>

57. <https://dbpost.com/british-cave-explorer-can-sue-musk-for-calling-him-pedo/>
58. <https://edition.cnn.com/2018/07/16/asia/thai-cave-soccer-musk-rescuer-tweet-intl/index.html>
59. <https://entertainment.inquirer.net/283867/elon-musk-slammed-for-calling-thai-cave-rescuer-pedo-in-twitter-rant#ixzz5vWcRlb5i>
60. <https://extra.ie/2018/07/16/news/world-news/video-thai-cave-diver-vernon-unsworth-may-sue-elon-musk-on-tweet>
61. <https://fortune.com/2018/07/16/elon-musk-pedo-out-of-control/>
62. <https://fortune.com/2018/07/16/elon-musk-pedo-tweet-tesla-stock/>
63. <https://forum.thaivisa.com/topic/1048621-elon-musk-calls-british-diver-in-thai-cave-rescue-a-pedo-in-baseless-attack/>
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69. <https://hush-mag.com/2018/07/16/twitter-slams-elon-musk-after-he-calls-thai-rescue-diver-a-pedo/>
70. <https://inews.co.uk/news/british-cave-diver-elon-musk/>
71. <https://interestingengineering.com/elon-musk-calls-british-diver-in-thai-cave-rescue-pedo-guy-on-twitter>
72. <https://japantoday.com/category/world/british-caver-says-considering-legal-action-after-elon-musk-%27pedo%27-tweet>
73. <https://japantoday.com/category/world/british-caver-says-considering-legal-action-after-elon-musk-'pedo'-tweet>
74. <https://junkee.com/elon-musk-pedo/167930>
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77. <https://m.inquirer.net/entertainment/283867>
78. <https://magic106.com/news/4335268/thai-rescuer-pedo-guy-elon-musk-legal-action/>
79. <https://markets.businessinsider.com/news/stocks/tesla-stock-price-elon-musk-rough-weekend-2018-7-1027371542>
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81. <https://meaww.com/british-diver-thai-cave-rescuer-may-sue-elon-musk-over-pedo-remark>
82. <https://mg.co.za/article/2018-07-16-british-rescue-diver-threatens-elon-musk-with-lawsuit-for-pedo-tweet>
83. <https://money.cnn.com/2018/07/15/technology/elon-musk-thai-cave-rescue/index.html>

84. <http://news.obiaks.com/180716080444/British-caver-says-considering-legal-action-after-Elon-Musk-'pedo'-tweet>
85. <http://news.philippinecentral.com/british-caver-considering-legal-action-after-elon-musk-pedo-tweet/>
86. <https://news.sky.com/story/british-cave-diver-mulls-legal-action-against-elon-musk-after-tycoon-brands-him-paedo-11438588>
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91. <https://pressfrom.info/us/news/world/-166162-british-diver-doesnt-rule-out-legal-action-against-musk-over-tweets.html>
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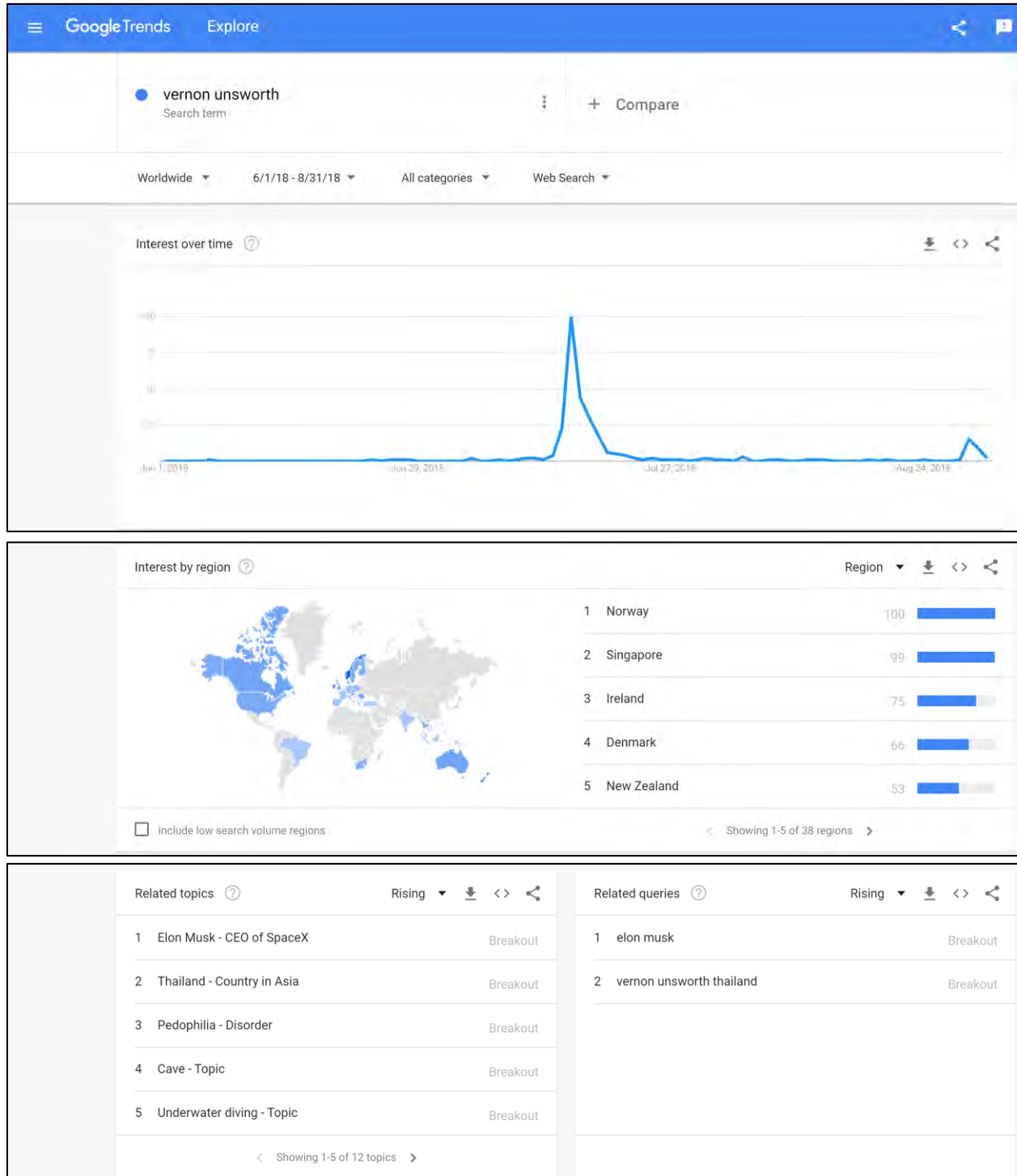
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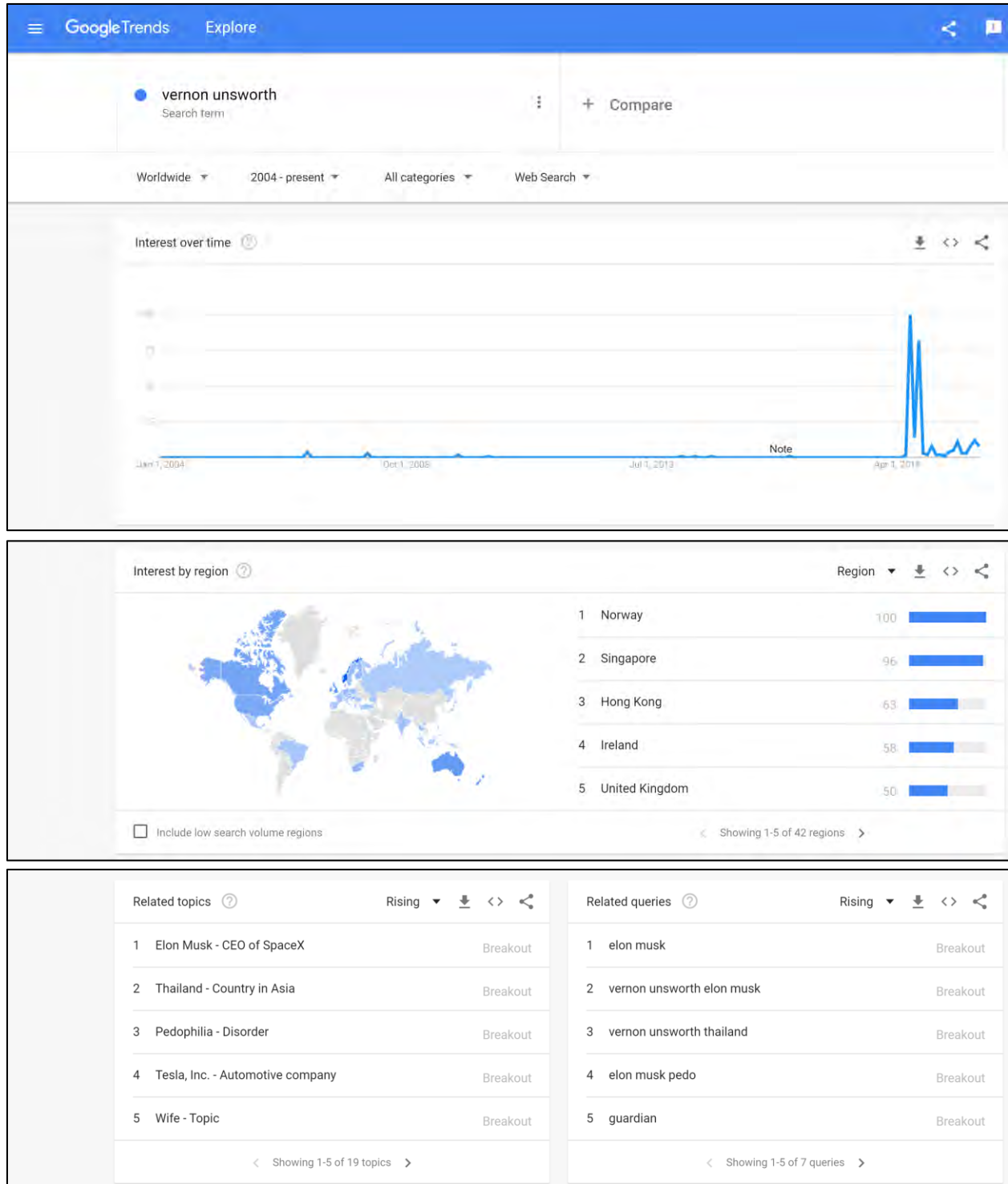
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Appendix E Google Trends Graphs





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92. <https://www.thedailystar.net/world/news/musk-sued-calling-thai-cave-rescuer-pedophile-1635475>
93. <https://www.thedrive.com/news/23643/teslas-elon-musk-sued-by-cave-diver-he-referred-to-as-pedo-and-child-rapist>
94. <https://www.theguardian.com/technology/2018/dec/27/elon-musk-pedo-diver-vernon-unsworth-defamation-lawsuit-dismiss>
95. <https://www.thesun.co.uk/news/7280868/vernon-unsworth-elon-musk-lawsuit-paedo-slur/>
96. <https://www.thetimes.co.uk/article/british-cave-rescuer-sues-elon-musk-over-sex-slur-xfq77dlx7>
97. <https://www.theverge.com/2019/5/10/18564625/elon-musk-vernon-unsworth-pedo-guy-tweets-defamation-lawsuit-trial-date-set>
98. <https://www.tMZ.com/2019/05/14/elon-musk-claims-diver-suing-him-over-pedo-comment-for-fame-cash/>
99. <https://www.usatoday.com/story/tech/2018/12/27/elon-musk-looks-dismiss-pedo-lawsuit-says-comments-not-serious/2420500002/>
100. <https://www.vanityfair.com/news/2018/09/elon-musks-war-with-the-sec-could-cost-him-everything>
101. https://www.vice.com/en_us/article/3keq3v/elon-musk-sued-for-pedo-tweet-vernon-unsworth-cave-diver
102. <https://www.voanews.com/silicon-valley-technology/teslas-musk-sued-calling-thai-cave-rescuer-pedophile>
103. <https://www.washingtonexaminer.com/news/defamation-suit-against-elon-musk-for-pedo-guy-tweet-heads-to-court>
104. <https://www.wsj.com/articles/thai-cave-diver-sues-elon-musk-for-defamation-1537212892>

Links to YouTube Videos Containing the Defaming Statements

- <https://www.youtube.com/watch?v=N43WomfUix8>
- <https://www.youtube.com/watch?v=unTfj1AnPQg>
- <https://www.youtube.com/watch?v=pyKrI0E5iss>
- <https://www.youtube.com/watch?v=Csa7zSG4MFE>
- <https://www.youtube.com/watch?v=s8DPHBYFNq8>
- <https://www.youtube.com/watch?v=8LT5kvxG3Cw>

- <https://www.youtube.com/watch?v=ehpiA8u50sk>
- <https://www.youtube.com/watch?v=EofULpIJRWU>
- <https://www.youtube.com/watch?v=jxjihf2d6x0>
- <https://www.youtube.com/watch?v=Q6s-yo6AJYw>
- <https://www.youtube.com/watch?v=mII8b7C87OE>
- <https://www.youtube.com/watch?v=30UegaZByCk>
- <https://www.youtube.com/watch?v=7bFor5sqtLQ>
- <https://www.youtube.com/watch?v=ix8PcfPPqd8>
- <https://www.youtube.com/watch?v=ShZ2osFgDaA>
- <https://www.youtube.com/watch?v=kkjdFsRFXJY>
- https://www.youtube.com/watch?v=0n_TFsyxZFI
- https://www.youtube.com/watch?v=jLorzu_9XhQ
- <https://www.youtube.com/watch?v=Pb-Xcg9t340>
- <https://www.youtube.com/watch?v=qXJFhi6-Q0Y>
- <https://www.youtube.com/watch?v=Luo3S83F3Dk>
- <https://www.youtube.com/watch?v=ftm6Q5ee2Yo>
- https://www.youtube.com/watch?v=uDP6_4jUmiQ
- https://www.youtube.com/watch?v=p_3L5-cHre8
- <https://www.youtube.com/watch?v=5SC-1O2S17w>
- <https://www.youtube.com/watch?v=6oXpre9mkWE>
- <https://www.youtube.com/watch?v=s7bszaELzgU>
- <https://www.youtube.com/watch?v=l06l6hgl1s0>
- <https://www.youtube.com/watch?v=RyyBt1olM4c>
- https://www.youtube.com/watch?v=ww_zKNJujT4
- https://www.youtube.com/watch?v=gBH_UpWo7N0
- https://www.youtube.com/watch?v=V8kOiIqm_1o
- <https://www.youtube.com/watch?v=kQDRnpE0I9c>
- <https://www.youtube.com/watch?v=cV-bhwX-amM>
- https://www.youtube.com/watch?v=PriFu_FcQhw
- <https://www.youtube.com/watch?v=rWSRVXvRsD0>
- <https://www.youtube.com/watch?v=pddp60niOM8>
- <https://www.youtube.com/watch?v=RQ9zr8Y4dug>
- <https://www.youtube.com/watch?v=FwcNze4sN3U>
- <https://www.youtube.com/watch?v=IxX0QasUmfE>
- <https://www.youtube.com/watch?v=muWfuC-kZiY>
- <https://www.youtube.com/watch?v=AMbF7onEjfc>
- <https://www.youtube.com/watch?v=r0hBqPDrEWQ>
- <https://www.youtube.com/watch?v=8LT5kvxG3Cw>

- https://www.youtube.com/watch?v=uDP6_4jUmiQ
- https://www.youtube.com/watch?v=PriFu_FcQhw
- https://www.youtube.com/watch?v=mLS4hIxp_OY
- <https://www.youtube.com/watch?v=O59Q51zFCVc>
- <https://www.youtube.com/watch?v=Q6s-yo6AJYw>
- <https://www.youtube.com/watch?v=EofULpIJRWU>
- <https://www.youtube.com/watch?v=6oXpre9mkWE>
- https://www.youtube.com/watch?v=p_3L5-cHre8
- <https://www.youtube.com/watch?v=xXtPkL4RGOA>
- <https://www.youtube.com/watch?v=ix8PcfPPqd8>
- <https://www.youtube.com/watch?v=olIuc-Hlav8>
- <https://www.youtube.com/watch?v=GxiKLIkozVs>

Appendix G List of Countries with Sites That Disseminated Articles Containing the Defaming Statement

1. Australia
2. Austria
3. Bangladesh
4. Cameron
5. Canada
6. China
7. Fiji
8. Germany
9. Hong Kong
10. India
11. Ireland
12. Italy
13. Japan
14. Jersey
15. Kenya
16. Malaysia
17. New Zealand
18. Oman
19. Pakistan
20. Philippines
21. Qatar
22. Russia
23. Saudi Arabia
24. Singapore
25. South Africa
26. Taiwan
27. Tanzania
28. Thailand
29. Turkey
30. United Arab Emirates
31. United Kingdom
32. United States
33. Vietnam

EXHIBIT 2

New York Times Tops 4 Million Mark in Total Subscribers

By Jaclyn Peiser

Nov. 1, 2018

More than three million paid digital-only subscribers. More than four million total.

The New York Times Company announced on Thursday that it surpassed those milestones during the third quarter of 2018, when the number of its digital subscribers showed a net increase of roughly 203,000.

That was the highest gain in digital subscribers in a quarter since the so-called Trump bump in the fourth quarter of 2016 and the first quarter of 2017 after the presidential election.

Not all of the new subscribers signed on for news. The Times reported that, of the 203,000 net increase in digital subscribers, 143,000 signed on for digital news products, with the remainder paying for the company's cooking and crossword features.

Perhaps more important to shareholders, the company reported that it continued to be profitable. Net income reached \$24.9 million, a 23 percent drop from last year when the publisher realized a one-time gain from the sale of a dam owned by a closed paper mill in which the company has a joint venture investment. Operating profits, the company's preferred measure, rose 30 percent to \$41.4 million in the period.

"This quarter, subscription revenues accounted for nearly two-thirds of the company's revenues," Mark Thompson, the chief executive and president, said in a news release. "We're investing aggressively in our journalism, product and marketing and are seeing tangible results in our digital growth."

Revenue from digital subscriptions rose to \$101.2 million in the quarter, an 18 percent increase from the same period last year. Online advertising was also a bright spot, jumping 17 percent to \$57.8 million.

In an earnings call, Mr. Thompson attributed the company's performance for the quarter to several factors, including growth in the Cooking product, a discounted introductory offer to subscribe to The Times and "a suddenly electrifying news environment with events that played to The Times's strengths, like the Kavanaugh hearings and the blockbuster Op-Ed by 'Anonymous,'" he said.

The company's shares rose as much as 6.5 percent in trading on Thursday. The stock has gained almost 24 percent in the past month.

Digital revenue through the first nine months of the year topped \$450 million, the fastest-growing part of the business. The publisher's biggest quarter typically comes in the last quarter of the year, when advertisers spend the most. In 2015, the company announced its ambition to generate \$800 million in yearly digital revenue by 2020.

Revenue from print advertising continued to tick downward, decreasing by 0.7 percent from the same time period last year. Total advertising revenues increased 7 percent.

Altogether, revenue increased 8 percent to \$417 million. The company also added more revenue from the leasing of four floors in its headquarters after an extensive office renovation.

The Times increased its investments in marketing and the newsroom this quarter, with operating costs increasing to \$381 million, compared with \$351 million in the quarter last year.

“We have high confidence in our strategy,” Mr. Thompson said. “It is this breadth, and our proven ability to extend Times quality to new topics and new media, that convinces us that we can scale our digital business further and faster than anyone else.”

Adjusted operating costs also rose, to \$364 million, from \$332 million last year, largely owing to higher marketing expenses — the company invested heavily in marketing to bring in new subscribers, increasing spending to over \$40 million, compared with \$27 million the same time last year. Other factors included newsroom costs, commercial printing and costs related to the company’s advertising business.

Mr. Thompson also said The Times was now read in all 193 countries that belong to the United Nations.

“According to our own data, we now have at least one online reader from every member country of the United Nations, including Tuvalu and Antarctica,” he said.

Looking ahead, Mr. Thompson expects continued digital subscriber growth in the fourth quarter along with further increases in digital advertising.

EXHIBIT 3

The Guardian



This article is more than 1 year old

Telegraph to put politics, business and rugby news behind paywall

Title increases amount of 'premium' content as it seeks to pull in more paying readers

Mark Sweney

Wed 3 Oct 2018 10.00 EDT

The Telegraph is to put most of its politics, business and rugby coverage behind its premium paywall, as it dramatically cuts back on freely accessible content to drive its subscription strategy.

The publisher's move is the latest stage of a digital strategy shift. The amount of Telegraph content moved into the Telegraph premium service, which charges readers from £2 a week, will rise from the low 20% mark to more than a third of the content by the end of the year.

Other changes designed to pull in more paying readers include greater focus on lifestyle, and some culture and money content likely to attract subscribers, with a rough target of about half of all stories from those sectors going into the Telegraph's premium service.

Some travel content will also be part of the premium subscription service for the first time. About 15% of news, TV and film and technology coverage will also only be accessible to premium subscribers.

The strengthening of the pay wall, which was revealed to staff at a recent “town hall” meeting, marks the next step in the strategy of the new chief executive, Nick Hugh, to create a sustainable future for the 163-year old newspaper.

The changes to the Telegraph’s content strategy will take effect before the end of the year.

Staff were told that audience and data analysis had determined that the Telegraph’s politics, business and rugby coverage had proved to be “high engagement” content for readers, meaning readers were highly likely to pay to read it rather than head elsewhere.

Some other sport content is likely also to be in the premium service from time to time. But football – a huge web traffic driver for newspapers – is likely to be seen as more valuable in a “free” state.

The Telegraph declined to comment. Last September, Hugh, the former European vice-president at Yahoo, who took over as chief executive from the long-serving Murdoch MacLennan last summer, unveiled a “registrations-first” plan, with a goal of attracting 10 million registrants. The publisher has already passed its 2018 target of 3 million. Currently, registrants can only access one premium article per week.

A combination of declining print readership and sales together with the dominance of Google and Facebook in hoovering up digital advertising has put pressure on newspaper publishers to seek new revenue streams to remain financially sustainable.

Telegraph Media Group, the publisher of the Daily Telegraph and Sunday Telegraph, reported a 50% slump in profits to £13.7m last year.

The Financial Times has 740,000 paid digital subscribers. Rupert Murdoch’s Times and Sunday Times have said that the year to June was their most successful since introducing a digital paywall in 2010, with subscriber numbers up 20% to more than 500,000. Digital-only subscribers stand at about 260,000. And the New York Times reported that, as at the end of June, it had 3.8m total paid subscriptions, of which 2.9m were digital-only.

The Guardian is pursuing a different model with a three-tier membership programme and all content kept free. More than 900,000 people financially support the Guardian; of these about 230,000 are print or digital subscribers and just over half are digital-only. A further 700,000 are either part of the membership programme or made one-off donations in the last year. The Guardian made a loss of £23m in its last financial year and is on track to break even by April 2019.

The Telegraph has also hired Dominic Coles, a former long-serving senior executive at the BBC and latterly the US pay-TV company Discovery, as its new chief financial officer. He will replace Finbarr Ronayne, who steps down at the end of the year after a decade at the Telegraph.

America faces an epic choice...

... in the coming year, and the results will define the country for a generation. These are perilous times. Over the last three years, much of what the Guardian holds dear has been threatened – democracy, civility, truth. This US administration is establishing new norms of behaviour. Anger

#5391

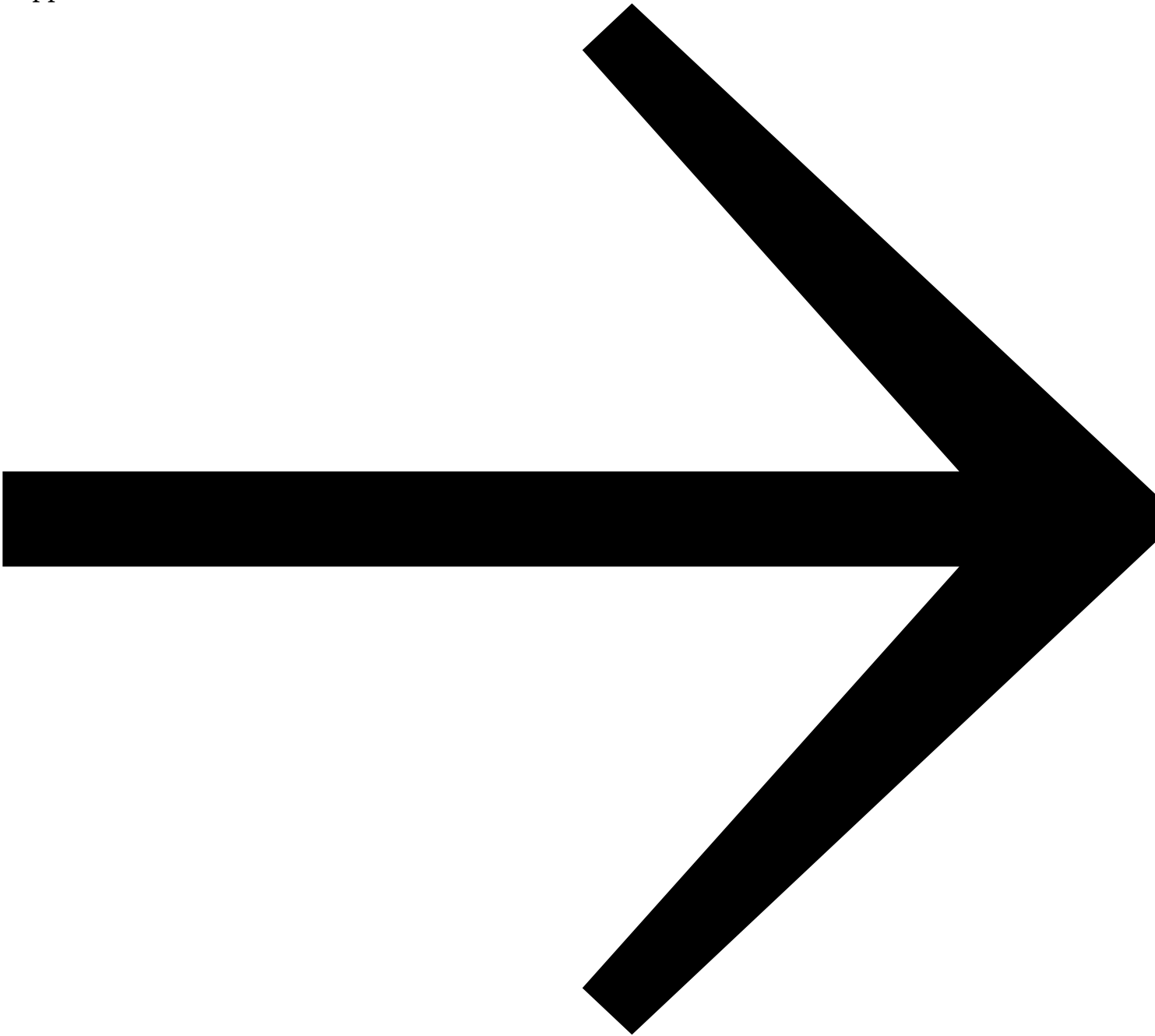
and cruelty disfigure public discourse and lying is commonplace. Truth is being chased away. But with your help we can continue to put it center stage. It will be defining year and we're asking for your help as we prepare for 2020.

Rampant disinformation, partisan news sources and social media's tsunami of fake news is no basis on which to inform the American public in 2020. The need for a robust, independent press has never been greater, and with your help we can continue to provide fact-based reporting that offers public scrutiny and oversight. You have read 7 articles in the last two months, so we hope you can appreciate the Guardian's choice to keep our journalism open for all.

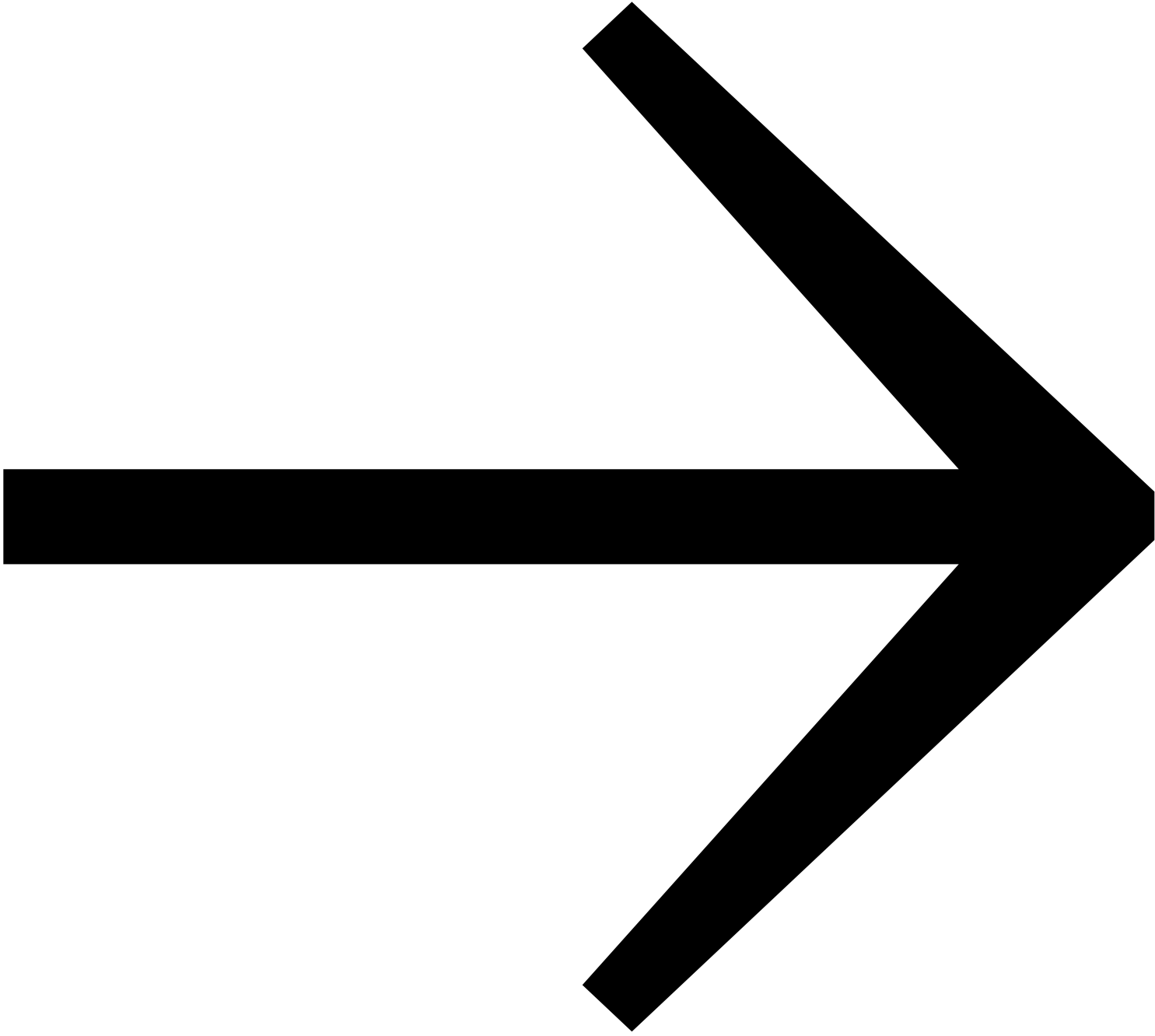
"America is at a tipping point, finely balanced between truth and lies, hope and hate, civility and nastiness. Many vital aspects of American public life are in play - the Supreme Court, abortion rights, climate policy, wealth inequality, Big Tech and much more. The stakes could hardly be higher. As that choice nears, the Guardian, as it has done for 200 years, and with your continued support, will continue to argue for the values we hold dear - facts, science, diversity, equality and fairness." - US editor, John Mulholland

On the occasion of its 100th birthday in 1921 the editor of the Guardian said, "Perhaps the chief virtue of a newspaper is its independence. It should have a soul of its own." That is more true than ever. Freed from the influence of an owner or shareholders the Guardian's robust independence is our unique driving force and guiding principle.

We also want to say a huge thank you to everyone who has supported the Guardian in 2019. You provide us with the motivation and financial support to keep doing what we do. We hope to surpass our goal by early January. Every contribution, big or small, will help us reach it. **Make a year-end gift from as little as \$1. Thank you.**



Learn more



Topics

- Daily Telegraph
- Telegraph Media Group
- Sunday Telegraph
- National newspapers
- Newspapers
- Newspapers & magazines
- Digital media
- news

EXHIBIT 4

Thinking ahead



Nick Hugh
*Chief Executive
Officer*

CEO FOREWORD

We are fortunate to work for a company that since our founding has played a pivotal role in society.

This is a publication that has positively impacted past generations and will continue to affect society for years to come.

We are privileged to work for such a strong brand and we must always be proud of that.

Our journalists create stories today that will live long in the memory of our audience. But the story of how we transform our business will also deserve retelling.

For we stand at an important juncture. In times of disruption, companies can continue with the business model that has served them well in the past, or they can embrace the change and seek to find new opportunities.

#5396

It is incumbent on us to rise to the challenges we face and scale greater heights than we ever have done in the past.

Our business will look very different in the future, but always at the heart of it will sit quality journalism.

It is our raison d'être and the single biggest strength that we have. And it is through that journalism that we give our customers the insights and perspectives that they always have, and will always, seek.

But it is time to evolve our business. We led the way in the 19th – 20th centuries, where circulation was the key determinant of success.

We continue to operate at the forefront of the industry, but we must move at faster speed and free ourselves from the shackles of yesteryear. We must accept that battles fought in the past are different to the battles of tomorrow and we must revisit every single one of our assumptions.

We have set a very clear vision to ensure that we win the fight in the 21st century:



At the heart of the vision sits the need to build communities around the audience that consumes our journalism.

We want to lead the way in building a much closer, more personal relationship with our customers.

Achieving this bold goal will require investment. Investment in journalism and investment in technology.

To that end we will create and recruit for 39 new editorial posts in 2018. We will also invest in developing the right forums and experiences to connect our audience to our journalists and to each other.

Our strategy, with quality journalism at the heart, is registrations-first. We must build greater and deeper connections with our customers at scale.

The insights and data we gather on our customers will help us continue to refine and develop the journalism that we offer them.

At the same time the services we provide them under the trusted brand of *The Telegraph* will become much more tailored and sophisticated.

Our commercial businesses will evolve to become more data-led, with customer relationship management at the heart of everything we do. We will provide improved, automated and personalised customer journeys as we broaden the scope of our interactions and transactions with our customer base. We will continue to develop our offerings in subscriptions, advertising and events, but we will move faster to execute a key pillar of our revenue strategy in travel and financial solutions.

We will manage our cost base in traditional areas, ensuring we are sensibly allocating our resources to drive growth in our growth businesses.

We have a wonderful team of people at *The Telegraph* – we have proven our ability to innovate time and time again, and we will continue to do so. We are committed to developing our teams to ensure they deliver the world-class standards that are expected of us. We will also modernise our ways of working as well as significantly improve our diversity within the workplace.

It is essential that our workforce is more representative of the base of customers whom we serve and we will actively put in measures to ensure that we improve the mix of our workforce.

It is the right thing to do for our business and for society as a whole.

At a time of such profound change, I want us to be clear about what we are and where we are going. Clear to our readers and customers; clear to our partners and clients; and clear to our staff and contributors. Hence this document, the first time *The Telegraph* has explicitly laid down a vision for the future of this company.

It is bold. It is exciting. It requires us to change. But its success will enrich and improve our journalism, grow our audience and secure our future for years to come.

The Telegraph 2018: Was, Is & Will be



WAS

For more than 160 years *The Telegraph* has been committed to delivering the very best journalism to the widest possible audience.

Established in 1855, our mission was to be the 'largest and best' newspaper in the world 'guided by a high tone of independent action'.

Our motto 'Was, is and will be' remains as true today as it did when it first appeared in our pages in 1858.

And we are deeply proud of what we have accomplished, proud of what we are and we are ambitious about what we can become. But our long history alone does not guarantee our status as a force for good in British society.

It is our hard-won reputation – with its well-established watchwords of quality, authority and credibility – that help us to stand apart. Since our founding, we have built a large and loyal audience for whom *The Telegraph* acts as an anchor in their daily lives.

To be part of *The Telegraph* family is to be informed; it is to be curious; it is to enjoy life. At home, at work, on the move – *The Telegraph* is not only what our audience needs it to be, but where they need it, too.

Our mission to inform means we have won countless awards for our journalism. Our scoops – the outbreak of the Second World War, MPs' expenses, Football For Sale – live long in the memory. Our commitment to the wider world sees Telegraph foreign correspondents bear witness to moments of history across the globe.

Our photographs paint vivid pictures with enduring power; our sports writers chronicle glorious triumphs and ignominious disgrace in equal measure. Our expert analysis and commentary sound clearly through the constant white noise of muddled opinion and confected fury. Our critics celebrate and scorn, while our columnists cheer, condemn and provoke.

And all the while our cartoons and sketches induce in many their first riotous laugh of the day.

For 149 years – through world wars and Cold War, revolutions and abdication – *The Telegraph*, like all other publications, was a simple matter of paper and ink. But in 1994, we became the first British newspaper to embrace digital, with its own website. No one at the time could have predicted how much our industry would change as a result of this development. No one could have foreseen the dual challenges and opportunities it would present.

But challenge us it has. The time for change is upon us. And what *The Telegraph* will be in the future depends on our willingness and capacity to embrace this transformation.

That challenge can be our opportunity. We may pride ourselves on our dependability as a daily fixture in our readers' lives but that does not mean we cannot surprise or delight.

Our glorious heritage may be built on our past success but that does not mean that we must be hidebound or predictable.

Indeed, our past success gives us permission to innovate. And innovate we must, for it is in the new that *The Telegraph* can find the keys to securing our future.

IS

In an era of fake news, words chosen well are the most powerful weapons we have.

Quality journalism – and the trust that comes with it – is the beating heart of our enterprise, the sun around which all our other activities revolve.

Every day the journalism we create is setting the news agenda, sparking debate, provoking comment, outrage, satisfaction and amusement. Across all our products and across all platforms *The Telegraph* plays a vital role in society.

It is incumbent on us to ensure that we continue to thrive, both for our current audience and for generations to come. *The Telegraph* is for everyone but *The Telegraph* has certain values. We are right of centre, in support of free markets and deregulation.

We're in favour of enterprise. *The Telegraph* supports fair-play, the rule of law and equality of opportunity. But it's also fun. People enjoy *The Telegraph*.

Of course, our journalistic values mean nothing without the right culture among staff. To be successful we need an environment that fosters innovation and collaboration. Our company values are that we are fearless – fiercely ambitious, we set the agenda and lead by example.

We work together, across all departments, are generous with our support and trust, open and unselfish with our knowledge.

We are open-minded, creative and pioneering, and we are not afraid to fail in pursuit of innovation. We develop our thinking through meaningful, stimulating and honest debate. We embrace diverse perspectives, backgrounds and viewpoints.

And we are committed to experimentation and learning to ensure all our employees are informed, ready to take full ownership of our work and results. With the right values and culture, our business can flourish.

Over the past two years we have achieved a huge amount. We have rebuilt and designed our websites to be fully responsive. We have launched *The Telegraph* App, we have taken our journalism to an array of new platforms like Apple News, Facebook Instant Articles, Google Newsstand, Amazon Echo and Snapchat. We have redefined our subscription proposition as Telegraph Premium and have more subscribers than at any time in *The Telegraph's* history.

We have products that appeal to all ages from the two million 13-17 year olds who read our journalism on Snapchat to our loyal print subscribers. We have a huge audience base – 25 million unique users in the UK, 70 million globally.

But we are operating in an ever-changing world. And we have the opportunity to do more.

WILL BE

Our newspaper is our flagship product. Our website, mobile and edition apps are all crucial parts of our offering, but the printed page remains central to our mission.

We are committed to publishing a newspaper in perpetuity. As in times past, it will evolve and change as we continue to seek to improve. But today, it is our digital products that offer us the greatest scope to grow and engage our audience.

At present, a relatively small proportion of our audience is in a logged-in or identifiable state when they encounter our journalism.

Our vision is to pioneer new ways to serve at least 10 million registered customers, bringing them closer to us and to each other. A registered reader – as opposed to an anonymous one – is far more valuable to the business than the vast majority of our audience as it stands now.

The ambition lies not just in the number but in the idea of encouraging registration.

Registration challenges us to ask what would induce people to look for our digital journalism. And registration challenges us to ask what would induce people to dwell longer on it once they've found it. It is a strategy that works for the journalism and works for the business.

Initially there will be a special focus allied to investment in the following editorial areas – Politics, Sport, Luxury and Lifestyle, Business of Technology, Money and Travel.

We believe all parts of the editorial spectrum can contribute to our new strategy but have identified these six specialisms as providing us with immediate, tangible opportunities.

Our new strategy will require us to change how we measure success. It will require us to organise our newsroom so that developers, data scientists, analysts and engineers sit alongside journalists.

It will require us to further our use of data, machine learning and other new technologies. And it will require us to train our staff to take advantage of all of these changes and to equip them for the challenges ahead.

Trust, quality and reputation count, more so today than ever before. Reputations built over 162 years can be lost in 162 seconds if we don't adhere to principles of quality.

In addition to our journalism, the network of Telegraph experiences and products must have value to our customers that no one else can provide. Our quality journalism must bring an audience to *The Telegraph*, but the community they join and the experience they have when they get here must make them want to stay.

Newsletters, events, rarified experiences, notifications and messaging groups – all of these are the kind of tools we can use to offer our audience exclusive value for their Telegraph registration.

Every day our audience interacts with us in different ways. And by developing those interactions in a more sophisticated way we can capture a fully engaged readership. *The Telegraph* will be where people go to find like-minded people. Where they go to learn things, to buy things, for enjoyment and new experiences. Where they get to meet new faces, old friends, people from whom they can seek advice or comfort.

We need to encourage their ideas, their opinions, talk to them directly, so that we become their number one destination.

The better we know our audience – the more intimacy there is between *The Telegraph* and its readers on an individual basis – the better we can serve them. And the healthier our business can be.

Our intention is not just to be big, but to be the best. Our opportunity to win comes not from an attempt to pursue scale at the cost of quality, but instead by growing highly engaged, known readers, and by being confident in our ability to offer differentiated experiences and the very best reporting, comment, analysis and ideas.

By ensuring we are customer-focused, and have a detailed understanding of their needs, then our ability to develop world-class business offerings that complement and support our journalism will grow exponentially.

We have to create the right experiences, products and incentives that make logging-in desirable, and offer our Telegraph community a network of experiences and products that no one else can provide.

In the past year we have made real progress in proving that we can do this. Readers trust our independent journalism and have expressed a desire for us to help them in critical choices, be it about their finances or valuable leisure time.

We take this seriously and are determined that the services we offer will build, not diminish, the brand and reputation of *The Telegraph*.

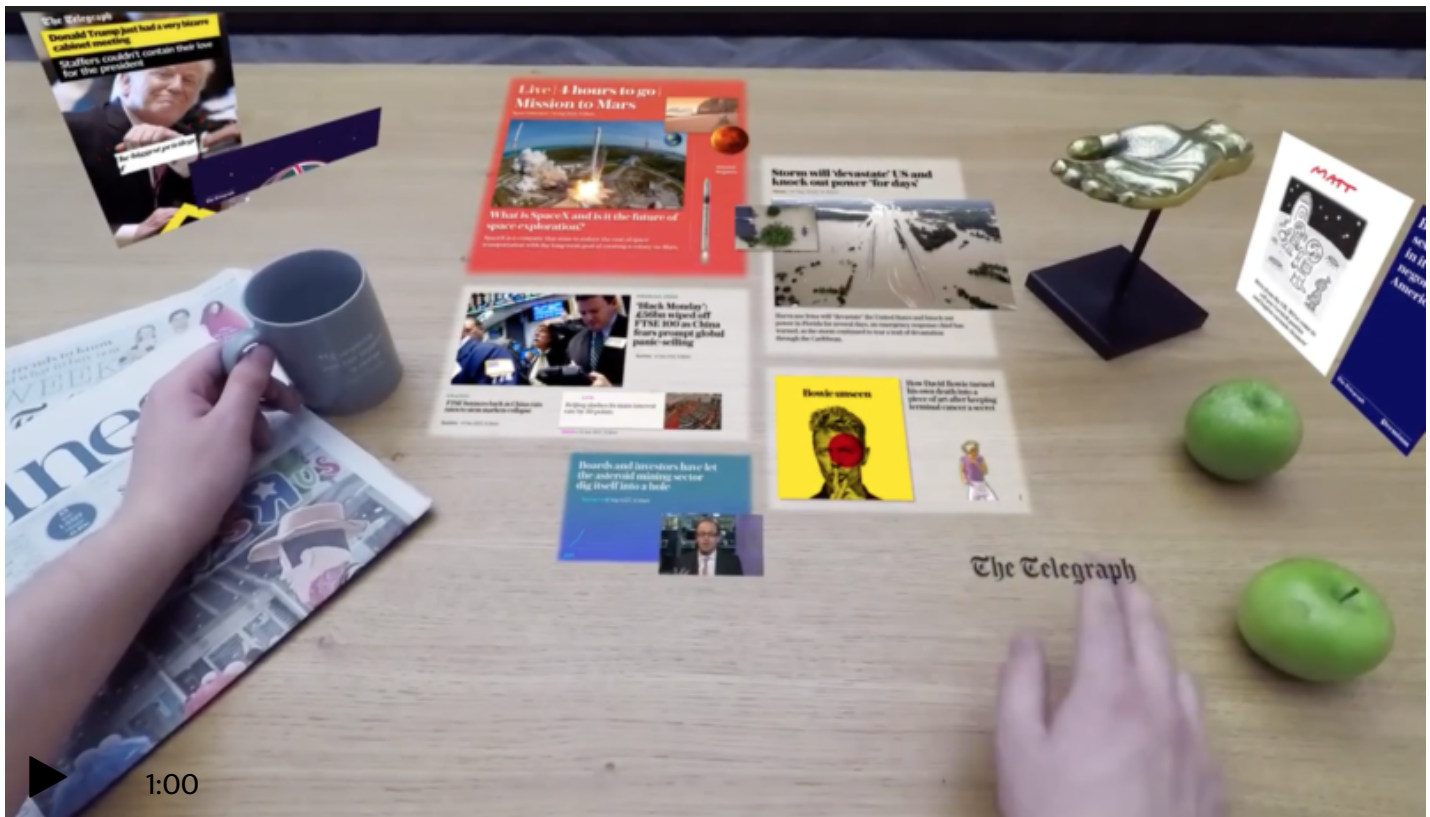
Advertising also remains crucial to our strategy. Whilst we recognise the market changes, it will continue to contribute substantially to our business.

However, we will hone our strategy in line with the pursuit of quality journalism, enhance our digital creativity and provide thought-leadership, partnerships and unrivalled data insight across the digital landscape.

Our story is one of renewed focus, of quality, and of always putting our readers at the heart of everything we do.

This will be a multi-year transformational effort, and will require much work. But *The Telegraph* comes from a position of great tradition and strength. The need for the quality, trusted journalism upon which we have built our reputation has never been greater.

We intend to serve this need, wherever our audience wants it, and to build a business that is sustainable for 163 years to come.



The Telegraph is committed to innovation and the use of new technology – such as augmented reality – to improve our journalism and seek new, engaged audiences.


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EXHIBIT 5

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◆ Premium

🏠 > Business

Telegraph hits 400k subscribers as Brexit boosts digital growth



Nick Hugh, CEO at Telegraph Media Group CREDIT: GEOFF PUGH

Follow

By **Telegraph Reporters**
15 OCTOBER 2019 • 12:01AM

Telegraph Media Group has more than 400,000 paying subscribers to its digital and print journalism, the company reveals today.

The milestone, which was passed earlier this month, comes after digital subscription growth increased dramatically during the first nine months of this year, driven by strong interest in The Telegraph’s Brexit coverage and by continued investment in journalism.

Average revenue per user (Arpu) stands just north of £200 across its subscriber base, the company, which publishes The Daily Telegraph, The Sunday Telegraph, [telegraph.co.uk](https://www.telegraph.co.uk)

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Want to learn more? [View subscription options](https://premium.telegraph.co.uk/international/index.html?ICID=dynamic_paywalls_v-allaccess_monthly-moreoptions-anon_usa_generic_article&redirectTo=https%3A%2F%2Fwww.telegraph.co.uk%2Fbusiness%2F2019%2F10%2F14%2Ftelegraph-hits-400k-subscribers-brex-it-boosts-digital-growth%2F) (https://premium.telegraph.co.uk/international/index.html?ICID=dynamic_paywalls_v-allaccess_monthly-moreoptions-anon_usa_generic_article&redirectTo=https%3A%2F%2Fwww.telegraph.co.uk%2Fbusiness%2F2019%2F10%2F14%2Ftelegraph-hits-400k-subscribers-brex-it-boosts-digital-growth%2F)

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Syndication and Commissioning

Guidelines

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Betting

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EXHIBIT 6

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2019

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-35769

News Corp

NEWS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1211 Avenue of the Americas, New York, New York
(Address of principal executive offices)

46-2950970
(I.R.S. Employer
Identification No.)

10036
(Zip Code)

Registrant's telephone number, including area code (212) 416-3400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01 per share	NWSA	The Nasdaq Global Select Market
Class B Common Stock, par value \$0.01 per share	NWS	The Nasdaq Global Select Market
Class A Preferred Stock Purchase Rights	N/A	The Nasdaq Global Select Market
Class B Preferred Stock Purchase Rights	N/A	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of December 28, 2018, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$4,309,425,180, based upon the closing price of \$11.25 per share as quoted on The Nasdaq Stock Market on that date, and the aggregate market value of the registrant's Class B Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$1,384,737,608, based upon the closing price of \$11.46 per share as quoted on The Nasdaq Stock Market on that date.

As of August 5, 2019, 385,645,432 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this Annual Report on Form 10-K is incorporated by reference to the News Corporation definitive Proxy Statement for its 2019 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of News Corporation's fiscal year end.

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PART I

ITEM 1. BUSINESS

OVERVIEW

The Company

News Corporation (the “Company,” “News Corp,” “we,” “us,” or “our”) is a global diversified media and information services company focused on creating and distributing authoritative and engaging content and other products and services to consumers and businesses throughout the world. The Company comprises businesses across a range of media, including news and information services, subscription video services in Australia, book publishing and digital real estate services, that are distributed under some of the world’s most recognizable and respected brands, including *The Wall Street Journal*, Dow Jones, *The Australian*, *Herald Sun*, *The Sun*, *The Times*, HarperCollins Publishers, Foxtel, FOX SPORTS Australia, realestate.com.au, realtor.com®, talkSPORT and many others.

The Company’s commitment to premium content makes its properties a premier destination for news, information and entertainment. The Company distributes its content and other products and services to consumers across various platforms consisting of traditional print and television, as well as an array of digital platforms including websites, applications for mobile devices and tablets, social media and e-book devices. The Company believes that the increasing number of media choices and formats will allow it to continue to deliver its content and other products and services in a more engaging, timely and personalized manner and provide opportunities for more effective monetization via strong customer relationships and more compelling and engaging advertising solutions. The Company is pursuing multiple strategies to exploit these opportunities, including sharing technologies and practices across geographies and businesses and bundling selected offerings to provide greater value to consumers and advertising partners.

The Company’s diversified revenue base includes recurring subscriptions, circulation sales, advertising sales, sales of real estate listing products, licensing fees and other consumer product sales. Headquartered in New York, the Company operates primarily in the United States, Australia and the U.K., with its content and other products and services distributed and consumed worldwide. The Company’s operations are organized into five reporting segments: (i) News and Information Services; (ii) Subscription Video Services; (iii) Book Publishing; (iv) Digital Real Estate Services; and (v) Other, which includes the Company’s general corporate overhead expenses, corporate Strategy Group and costs related to the U.K. Newspaper Matters (as defined in “Item 3. Legal Proceedings”).

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year. Fiscal 2019, fiscal 2018 and fiscal 2017 each included 52 weeks. Unless otherwise noted, all references to the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 relate to the fiscal years ended June 30, 2019, July 1, 2018 and July 2, 2017, respectively. For convenience purposes, the Company continues to date its financial statements as of June 30.

Corporate Information

News Corporation is a Delaware corporation originally organized on December 11, 2012 in connection with its separation (the “Separation”) from Twenty-First Century Fox, Inc. (formerly named News Corporation) (“21st Century Fox”), which was completed on June 28, 2013 (the “Distribution Date”). In connection with the Separation, the Company assumed the name “News Corporation.” Unless otherwise indicated, references in this Annual Report on Form 10-K for the fiscal year ended June 30, 2019 (the “Annual Report”) to the “Company,” “News Corp,” “we,” “us,” or “our” means News Corporation and its subsidiaries. The Company’s principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036, and its telephone number is (212) 416-3400. The Company’s Class A and Class B Common Stock are listed on The Nasdaq Global

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Select Market (“Nasdaq”) under the trading symbols “NWSA” and “NWS,” respectively, and CHES Depositary Interests (“CDIs”) representing the Company’s Class A and Class B Common Stock are listed on the Australian Securities Exchange (“ASX”) under the trading symbols “NWSLV” and “NWS,” respectively. More information regarding the Company is available on its website at www.newscorp.com, including the Company’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are available, free of charge, as soon as reasonably practicable after the material is electronically filed with or furnished to the Securities and Exchange Commission (“SEC”). The information on the Company’s website is not, and shall not be deemed to be, a part of this Annual Report or incorporated into any other filings it makes with the SEC.

Special Note Regarding Forward-Looking Statements

This document and any documents incorporated by reference into this Annual Report, including “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contain statements that constitute “forward-looking statements” within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. The words “expect,” “estimate,” “anticipate,” “predict,” “believe” and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company’s financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading “Item 1A. Risk Factors” in this Annual Report. The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the SEC. This section should be read together with the Consolidated Financial Statements of News Corporation (the “Financial Statements”) and related notes set forth elsewhere in this Annual Report.

BUSINESS OVERVIEW

The Company’s five reporting segments are described below. For information regarding revenues generated by the principal products and services of each segment, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	For the fiscal year ended June 30, 2019	
	Revenues	Segment EBITDA
	(in millions)	
News and Information Services	\$ 4,956	\$ 417
Subscription Video Services	2,202	380
Book Publishing	1,754	253
Digital Real Estate Services	1,159	384
Other	3	(190)

News and Information Services

The Company’s News and Information Services segment consists primarily of Dow Jones, News Corp Australia, News UK, the *New York Post* and News America Marketing. This segment also includes Unruly, a global video

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advertising marketplace, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency that enables the Company to source real-time video content through social media platforms. The News and Information Services segment generates revenue primarily through sales of print and digital advertising and circulation and subscription sales of its print and digital products. Advertising revenues at the News and Information Services segment are subject to seasonality, with revenues typically highest in the Company's second fiscal quarter due to the end-of-year holiday season in its main operating geographies.

Dow Jones

Dow Jones is a global provider of news and business information, which distributes its content and data through a variety of media channels including newspapers, newswires, websites, applications, or apps, for mobile devices, tablets and e-book readers, newsletters, magazines, proprietary databases, live journalism, video and podcasts. Dow Jones's products, which target individual consumer and enterprise customers, include *The Wall Street Journal*, Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, *Barron's* and MarketWatch. Dow Jones's revenue is diversified across business-to-consumer and business-to-business subscriptions, circulation, advertising, including custom content and sponsorships, licensing fees for its print and digital products and participation fees for its live journalism events. For the year ended June 30, 2019, consumer products and professional information products represented approximately 73% and 27%, respectively, of total Dow Jones revenues, and approximately 62% of total Dow Jones revenues was generated by digital sales.

Consumer Products

Through its premier brands and authoritative journalism, Dow Jones's products targeting individual consumers provide insights, research and understanding that enable customers to stay informed and make educated financial decisions. Dow Jones continues to capitalize on new digital distribution platforms and technologies for these products as consumer preferences for content consumption evolve. Digital revenues accounted for 55% and 40% of consumer circulation and advertising revenues, respectively, in fiscal 2019. With a focus on the financial markets, investing and other professional services, many of these products offer advertisers an attractive customer demographic. Products targeting consumers include the following:

- *The Wall Street Journal (WSJ)*. WSJ, Dow Jones's flagship product, is available in print, online and across multiple mobile, tablet and e-book devices. WSJ covers national and international news and provides analysis, commentary and opinions on a wide range of topics, including business developments and trends, economics, financial markets, investing, science and technology, lifestyle, culture and sports. WSJ's print products are printed at plants located around the U.S., including seven owned by the Company. WSJ sells regional advertising in three major U.S. regional editions (Eastern, Central and Western) and 21 smaller sub-regional editions. WSJ's digital products offer both free and premium content and are comprised of WSJ.com, WSJ mobile products, including a responsive design website and apps for multiple mobile devices (WSJ Mobile), and live and on-demand video through WSJ.com and other platforms such as YouTube, internet-connected television and set-top boxes (WSJ Video), as well as podcasts. WSJ also distributes content through third party subscription and non-subscription platform providers, such as Apple News+, which is referred to as off-platform distribution. For the year ended June 30, 2019, WSJ Mobile (including WSJ.com accessed via mobile devices, as well as apps, and excluding off-platform distribution) accounted for approximately 58% of visits to WSJ's digital news and information products according to Adobe Analytics.
- *Barron's Group*. The Barron's Group focuses on Dow Jones consumer brands outside of The Wall Street Journal franchise, including *Barron's* and MarketWatch, among other properties.
 - *Barron's*. Barron's, which is available in print, online and on multiple mobile, tablet and e-book devices, delivers news, analysis, investigative reporting, company profiles and insightful statistics for investors and others interested in the investment world.

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MarketWatch. MarketWatch is an investing and financial news website targeting active investors. It also provides real-time commentary and investment tools and data. Products include mobile and tablet apps, a mobile site and MarketWatch Premium Newsletters.

- *The Wall Street Journal Digital Network (WSJDN)*. WSJDN offers advertisers the opportunity to reach Dow Jones's audience across a number of brands, including the WSJ.com, Barrons.com and MarketWatch.com websites.
- *Live Journalism*. Dow Jones offers a number of conferences and events each year, including WSJ Tech D-Live, its C-suite conferences such as CEO and CFO Council, the Women In series, the Future Of series, Global Food Forum and Barron's Summits. These live journalism events offer advertisers and sponsors the opportunity to reach a select group of influential leaders from industry, finance, government and policy. Many of these programs also earn revenue from participation fees charged to attendees.

The following table provides information regarding issue sales and subscriptions (excluding off-platform distribution) for certain Dow Jones consumer products:

	<i>The Wall Street Journal</i> (1)		<i>Barron's</i> (1)	
	Average Global Issue Sales(2)	Average Global Subscriptions	Average Global Issue Sales(2)	Average Global Subscriptions
(in 000's)				
Print(3)	1,005	799	290	280
Digital Only	1,829	1,818	299	299
Total	2,834	2,617	589	579

- (1) Based on internal data for the period from April 1, 2019 to June 30, 2019, with independent assurance provided by PricewaterhouseCoopers LLP UK.
- (2) Average Global Issue Sales includes subscription and non-subscription categories. Non-subscription categories include, but are not limited to, single copy (newsstand) sales and copies purchased by hotels for distribution to guests.
- (3) In addition to their print and digital-only products, *The Wall Street Journal* and *Barron's* sell print and digital products bundled into one subscription, which is counted only once, under "Print," in the table above.

The following table provides information regarding the digital platforms (excluding off-platform distribution) for certain Dow Jones consumer products:

	FY2019 Average Monthly Visits(1)	FY2019 Average Monthly Page Views(2)	FY2019 Average Monthly Unique Users(3)
WSJ	91 million	272 million	38 million
MarketWatch	68 million	165 million	29 million
WSJDN	170 million	460 million	75 million

- (1) Includes visits via websites and mobile device and tablet apps based on Adobe Analytics for the 12 months ended June 30, 2019.
- (2) Includes page views via websites and mobile device and tablet apps based on Adobe Analytics for the 12 months ended June 30, 2019.
- (3) Includes aggregate unique users accessing websites and mobile device and tablet apps based on Adobe Analytics for the 12 months ended June 30, 2019. See "Part I. Business—Explanatory Note Regarding Certain Key Metrics" for more information regarding the calculation of unique users.

Professional Information Products

Dow Jones's professional information products, which target enterprise customers, combine news and information with technology and tools that inform decisions and aid awareness, research and understanding.

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These products consist of its Knowledge and Insight, Dow Jones Risk & Compliance and Dow Jones Newswires products, which represented 45%, 31% and 24%, respectively, of fiscal 2019 professional information product revenues. Specific products include the following:

- *Knowledge and Insight.* Dow Jones Knowledge and Insight products consist primarily of Factiva, a leading provider of global business content, built on an archive of important original and licensed publishing sources. Factiva offers content from over 33,000 global news and information sources from over 200 countries and in 28 languages. This combination of business news and information, plus sophisticated tools, helps professionals find, monitor, interpret and share essential information. As of June 30, 2019, there were approximately 1.2 million activated Factiva users, including both institutional and individual accounts.
- *Dow Jones Risk & Compliance.* Dow Jones Risk & Compliance products provide data solutions for customers focused on anti-corruption, anti-money laundering, monitoring embargo and sanction lists and other compliance requirements. Dow Jones's solutions allow customers to filter their business transactions and partners against its data to identify regulatory, corporate and reputational risk, and request follow-up due diligence reports. Products include online risk data and negative news searching tools such as Risk Database Search/Research/Premium and the Risk & Compliance Portal for batch screening. Dow Jones also provides an online solution for supplier risk assessment, RiskCenter KYBP (Know Your Business Partner), which provides customers with automated risk and compliance checks via questionnaires and embedded scoring. Feed services include Dow Jones Watchlist, Dow Jones Anti-Corruption, Dow Jones Sanction Alert and Adverse Media Entities. In addition, Dow Jones produces customized Due Diligence Reports to assist its customers with regulatory compliance.
- *Dow Jones Newswires.* Dow Jones Newswires distributes real-time business news, information, analysis, commentary and statistical data to financial professionals and investors worldwide. It publishes, on average, over 14,000 news items each day, which are distributed via terminals, trading platforms and websites reaching hundreds of thousands of financial professionals. This content also reaches millions of individual investors via customer portals and the intranets of brokerage and trading firms, as well as digital media publishers.

News Corp Australia

News Corp Australia is one of the leading news and information providers in Australia by readership, owning over 150 newspapers covering a national, regional and suburban footprint. During the year ended May 31, 2019, its daily, Sunday, weekly and bi-weekly newspapers were read by over 7.7 million Australians on average every week. In addition, its digital mastheads are among the leading digital news properties in Australia based on monthly unique audience data and had approximately 517,300 aggregate closing subscribers as of June 30, 2019.

News Corp Australia's news portfolio includes *The Australian* and *The Weekend Australian* (National), *The Daily Telegraph* and *The Sunday Telegraph* (Sydney), *Herald Sun* and *Sunday Herald Sun* (Melbourne), *The Courier Mail* and *The Sunday Mail* (Brisbane) and *The Advertiser* and *Sunday Mail* (Adelaide), as well as paid digital platforms for each. In addition, News Corp Australia owns a large number of community newspapers in all major capital cities and leading regional publications in Geelong, across the state of Queensland and in the capital cities of Hobart and Darwin.

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The following table provides information regarding key properties within News Corp Australia's portfolio:

	Average Daily Paid Print Circulation ⁽¹⁾	Total Paid Subscribers for Combined Masthead (Print and Digital) ⁽²⁾	Total Monthly Audience for Combined Masthead (Print and Digital) ⁽³⁾
<i>The Australian (Mon – Fri)</i>	83,684	164,968	3.7 million
<i>The Weekend Australian (Sat)</i>	207,837		
<i>The Daily Telegraph (Mon – Sat)</i>	167,785	87,560	4.3 million
<i>The Sunday Telegraph</i>	299,352		
<i>Herald Sun (Mon – Sat)</i>	245,255	107,816	4.1 million
<i>Sunday Herald Sun</i>	295,514		
<i>The Courier Mail (Mon – Sat)</i>	104,879	81,949	2.5 million
<i>The Sunday Mail</i>	228,467		
<i>The Advertiser (Mon – Sat)</i>	97,173	81,167	1.8 million
<i>Sunday Mail</i>	153,496		

(1) For the year ended June 30, 2019, based on internal sources.

(2) As of June 30, 2019, based on internal sources.

(3) Based on Enhanced Media Metrics Australia ("EMMA") average monthly print readership data for the year ended May 31, 2019 and Nielsen desktop, mobile and tablet audience data for May 2019. EMMA data incorporates more frequent sampling and combines both online usage derived from Nielsen data and print usage into a single metric that removes any audience overlap.

News Corp Australia's broad portfolio of digital properties also includes news.com.au, the leading general interest site in Australia that provides breaking news, finance, entertainment, lifestyle, technology and sports news and delivers an average monthly unique audience of approximately 9.9 million based on Nielsen monthly total audience ratings for the year ended June 30, 2019. In addition, News Corp Australia owns other premier properties such as taste.com.au, a leading food and recipe site, and kidspot.com.au, a leading parenting website, as well as various other digital media assets. As of June 30, 2019, News Corp Australia's other assets included a 14.6% interest in HT&E Limited, which operates a portfolio of Australian radio and outdoor media assets, and a 30.2% interest in Hipages Group Pty Ltd., which operates a leading on-demand home improvement services marketplace.

News UK

News UK publishes *The Sun*, *The Sun on Sunday*, *The Times* and *The Sunday Times*, which are leading newspapers in the U.K that together accounted for approximately one-third of all national newspaper sales as of June 30, 2019. *The Sun* is the most read national paid print news brand in the U.K., and *The Times* and *The Sunday Times* are the most read national newspapers in the U.K. quality market. Together, across print and digital, these brands now reach two-thirds of adult news readers in the U.K., or approximately 32 million people, based on PAMCo data for the year ended March 31, 2019. News UK's newspapers (except some Saturday and Sunday supplements) are printed at News UK's world-class printing facilities in England, Scotland and Ireland. In addition to revenue from advertising, circulation and subscription sales for its print and digital products, News UK generates revenue by providing third party printing services through these facilities and is one of the largest contract printers in the U.K. News UK also distributes content through its digital platforms, including its websites, thesun.co.uk, thetimes.co.uk and thesundaytimes.co.uk, as well as mobile and tablet apps. News UK's online and mobile offerings during the year included the rights to show English Premier League Football match

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clips across its digital platforms. In addition, News UK has assembled a portfolio of complementary ancillary product offerings, including Sun Bingo. The following table provides information regarding News UK's news portfolio:

	Print Average Issue Readership(1)	Average Daily Paid Print Circulation(2)	Paid Subscribers(3)	Monthly Global Unique Users(5)
<i>The Sun (Mon – Sat)</i>	2,740,000	1,483,991	N/A	113 million
<i>The Sun on Sunday</i>	2,188,000	1,245,106	N/A	
<i>The Times (Mon – Sat)</i>	943,000	411,884	165,493 (print)(4) 292,655 (digital)	N/A
<i>The Sunday Times</i>	1,673,000	728,344	203,612 (print)(4) 283,233 (digital)	N/A

(1) Based on Publishers Audience Measurement Company ("PAMCo") data for the 12 months ended March 31, 2019.

(2) Based on Audit Bureau of Circulation ("ABC") data for the six months ended June 30, 2019.

(3) As of June 30, 2019, based on internal sources.

(4) In addition to their print and digital-only products, *The Times* and *The Sunday Times* sell print and digital products bundled into one subscription, which is counted only once, under "print," in the table above.

(5) Includes aggregate unique users accessing websites and mobile device and tablet apps based on Google Analytics data for the month ended June 30, 2019. See "Part I. Business—Explanatory Note Regarding Certain Key Metrics." News UK transitioned from ABC Electronic (Omniure) to Google Analytics in the fourth quarter of fiscal 2019. Google made certain algorithm changes during the quarter that contributed to an increase in the number of unique users reported. As a result, the Google Analytics user data provided in the table above is not directly comparable to the data provided in the prior year's Annual Report.

New York Post

NYP Holdings ("NYP") is the publisher of the *New York Post* (the "*Post*"), NYPost.com, PageSix.com, Decider.com and related mobile and tablet apps and social media channels. The *Post* is the oldest continuously published daily newspaper in the U.S., with a focus on coverage of the New York metropolitan area. The *Post* provides a variety of general interest content ranging from breaking news to business analysis, and is known in particular for its comprehensive sports coverage, famous headlines and its iconic Page Six section, an authority on celebrity news. The print version of the *Post* is primarily distributed in New York, where it is printed at its Bronx printing facility, as well as throughout the Northeast, Florida and California, where it uses Dow Jones's printing facilities and third party printers. For the three months ended June 30, 2019, average weekday circulation based on Alliance for Audited Media data, including mobile and tablet app digital editions, was 418,503. In addition, the Post Digital Network, which includes NYPost.com, PageSix.com and Decider.com, reached approximately 101.4 million unique users on average each month during the quarter ended June 30, 2019 according to Google Analytics. See "Part I. Business—Explanatory Note Regarding Certain Key Metrics" for information regarding the calculation of unique users and note 5 in the preceding table regarding algorithm changes made by Google.

News America Marketing

News America Marketing ("NAM") is a premier marketing partner of some of the world's most well-known brands, and its broad network of shopper media, incentive platforms and custom merchandising services influences the purchasing decisions of online and offline shoppers across the U.S. and Canada. NAM's marketing solutions are available via multiple distribution channels, including publications, in stores and online, primarily under the SmartSource brand name and through the Checkout 51 mobile app.

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NAM provides customers with solutions across the shopper's path to purchase, focusing primarily on the following three business areas:

- *In-Store Advertising and Merchandising* (53% of fiscal 2019 NAM revenues). NAM is a leading provider of in-store marketing products and services, primarily to consumer packaged goods manufacturers. NAM's marketing products include at-shelf advertising such as coupon, information and sample-dispensing machines, as well as floor and shopping cart advertising, among others, and are found in thousands of shopping locations, including supermarkets, drug stores, dollar stores, office supply stores, mass merchandisers and specialty stores across North America. NAM also provides in-store merchandising services, including production and installation of instant-redeemable coupons, on-pack stickers, shipper assembly, display set-up and refilling, shelf management and new product cut-ins.
- *Home-Delivered* (41% of fiscal 2019 NAM revenues). NAM is one of the leading providers of home-delivered shopper media, including free-standing inserts and direct mail products. Free-standing inserts are multiple-page marketing booklets containing coupons, rebates and other consumer offers, which are distributed to millions of households under the SmartSource Magazine® brand through insertion primarily into local Sunday publications. Advertisers, primarily packaged goods companies, pay NAM to produce free-standing inserts where their offers are featured, often on an exclusive basis within their product category. NAM contracts with and pays publishers as well as printers, among others, to produce and/or distribute free-standing inserts in their papers.
- *Mobile/Digital* (6% of fiscal 2019 NAM revenues). NAM's digital marketing solutions include SmartSource Digital, which encompasses secure printable couponing, load-to-card couponing, targeted email campaigns and programmatic digital display, and the Checkout 51 mobile app, a leading receipt recognition app that enables packaged goods companies and brands to reach consumers with highly personalized marketing campaigns.

NAM believes its programs have key advantages when compared to other marketing options available to packaged goods companies, retailers and other marketers. NAM offers effective and targeted programs that reach a national audience of consumers who are actively seeking incentives or information at critical points along the path to purchase. The Company recently announced that it is reviewing strategic options for NAM, including a potential sale. There is no assurance regarding the timing of any action or transaction, nor that the strategic review will result in a transaction or other strategic change.

The Company's News and Information Services products compete with a wide range of media businesses, including print publications, digital media and information services.

The Company's newspapers, magazines, digital publications and radio stations compete for consumers, audience and advertising with other local and national newspapers, web and app-based media, magazines and radio stations, social media sources, as well as other media such as television and outdoor displays. Competition for subscriptions and circulation is based on news and editorial content, subscription pricing, cover price and, from time to time, various promotions. Competition for advertising is based upon advertisers' judgments as to the most effective media for their advertising budgets, which is in turn based upon various factors, including circulation volume, readership levels, audience demographics, advertising rates and advertising effectiveness. As a result of rapidly changing and evolving technologies, distribution platforms and business models, the consumer-focused businesses within the Company's News and Information Services segment, including its newspaper businesses, continue to face increasing competition for both circulation and advertising revenue from a variety of alternative news and information sources. These include both paid and free websites, digital apps, news aggregators, blogs, search engines, social media networks, digital advertising networks and exchanges, bidding and other programmatic advertising buying channels, as well as other emerging media and distribution platforms, including off-platform distribution of its products. Shifts in consumer behavior, including the widespread adoption of mobile phones, tablets, e-book readers and other portable devices as platforms through which news and

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information is consumed, require the Company to continually innovate and improve upon its own products, services and platforms in order to remain competitive. The Company believes that these changes will continue to pose opportunities and challenges, and that it is well positioned to leverage its global reach, brand recognition and proprietary technology to take advantage of the opportunities presented by these changes.

Dow Jones professional information products that target enterprise customers compete with various information service providers, compliance data providers and global financial newswires, including Thomson Reuters, Bloomberg L.P., LexisNexis and Refinitiv, as well as many other providers of news, information and compliance data.

NAM competes against other providers of advertising, marketing and merchandising products and services, including those that provide promotional or advertising inserts, direct mailers of promotional or advertising materials, providers of point-of-purchase and other in-store programs and providers of savings and/or grocery-focused digital apps, as well as other marketing products and services. Competition is based on, among other things, rates, availability of markets, quality of products and services provided and their effectiveness, rate of coupon redemption, store coverage and other factors. The Company believes that based on the scale of NAM's home-delivered products, the reach of its in-store marketing products and the growing audience for its digital marketing platform, NAM provides broader consumer access than many of its competitors. The Company is also actively investing in shopper research and data-based insights that enable an advanced understanding of how to apply the Company's media and incentive network to achieve the greatest impact and value for clients and partners.

Subscription Video Services

The Company's Subscription Video Services segment provides video sports, entertainment and news services to pay-TV subscribers and other commercial licensees, primarily via cable, satellite and internet distribution. This segment consists of (i) the Company's 65% interest in NXE Australia Pty Limited, which was formed to combine News Corp and Telstra Corporation Limited's interests in the Foxtel Group and FOX SPORTS Australia and is referred to herein as "Foxtel" (the remaining 35% interest in Foxtel is held by Telstra), and (ii) Australian News Channel ("ANC").

Foxtel

Foxtel is the largest pay-TV provider in Australia, delivering nearly 200 channels (including standard definition channels, high definition versions of some of those channels, audio channels and one 4K Ultra HD channel) covering sports, general entertainment, movies, documentaries, music, children's programming and news. Foxtel offers the leading sports programming content in Australia, with unique rights across key sports and a suite of channels that includes FOX LEAGUE, FOX SPORTS 503, FOX FOOTY, FOX SPORTS 505, FOX SPORTS 506, FOX SPORTS MORE, FOX SPORTS NEWS and its new FOX CRICKET channel. Foxtel's channels together broadcast approximately 15,000 hours of live sports programming per year, encompassing both live national and international licensed sports events such as National Rugby League, Australian Football League, Cricket Australia, the domestic football league, the Australian Rugby Union and various motorsports programming, as well as other featured original and licensed premium sports content tailored to the Australian market. Foxtel's premium entertainment and news content includes television programming from HBO, FOX and NBCUniversal, as well as Foxtel-produced dramas, and 29 channels owned and operated by Foxtel, including general entertainment and movie channels (which provide an extensive range of movie programming sourced through arrangements with major U.S. studios).

Foxtel's content is available through channels and on-demand and is currently distributed to broadcast subscribers using either cable networks accessed through Telstra or Optus's satellite platform via Foxtel's set-top boxes, including the iQ4 (satellite only) and iQ3. Foxtel intends to migrate all broadcast subscribers to satellite or internet delivery over the next several years. Broadcast subscribers can also access Foxtel's content using a

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companion service app on mobile devices and tablets. In addition, as part of its strategy to reach new segments of the Australian population, Foxtel also offers its pay-TV service via the internet through Foxtel Now, an over-the-top, or OTT, television service available on a number of compatible devices (including the Foxtel Now box, mobile devices, tablets, personal computers, Chromecast, Telstra TV, Sony PlayStation, Xbox One and select smart TVs), as well as Kayo, its recently launched sports-only OTT service that allows subscribers to stream over 50 sports live and on demand. Foxtel also offers a triple play bundle product, which consists of Foxtel's existing broadcast pay-TV service, sold together with broadband and telephone services. In addition to its pay-TV services, Foxtel operates foxsports.com.au, a leading general sports website in Australia, and Watch NRL and Watch AFL, subscription services that provide live streaming and on-demand replays of National Rugby League and Australian Football League matches, internationally.

Foxtel generates revenue primarily through subscription revenue as well as advertising revenue. Foxtel's business generally is not highly seasonal, though results can fluctuate due to the timing and mix of its local and international sports programming, as expenses associated with licensing certain programming rights are recognized during the applicable season or event. The following table provides information regarding certain key performance indicators for Foxtel (see "Part I. Business—Explanatory Note Regarding Certain Key Metrics" for more information regarding the calculation of these performance indicators):

	FY 2019 (in 000's, except ARPU and Churn)
Broadcast Subscribers	
Residential(1)	2,104
Commercial(2)	264
OTT Subscribers (Total (Paid))	
Foxtel Now(3)	460 (446 Paid)
Kayo(4)	382 (331 Paid)
Broadcast ARPU(5)	A\$78 (US\$55)
Broadcast Subscriber Churn(6)	15%

- (1) Subscribing households throughout Australia as of June 30, 2019.
- (2) Residential equivalent business units throughout Australia as of June 30, 2019.
- (3) Total and Paid Foxtel Now subscribers as of June 30, 2019. Paid Foxtel Now subscribers excludes customers receiving service for no charge under certain new subscriber promotions.
- (4) Total and Paid Kayo subscribers as of June 30, 2019. Paid Kayo subscribers excludes customers receiving service for no charge under certain new subscriber promotions.
- (5) Average monthly broadcast residential subscription revenue per user (excluding Optus) (Broadcast ARPU) for the year ended June 30, 2019.
- (6) Broadcast residential subscriber churn rate (Broadcast Subscriber Churn) for the year ended June 30, 2019. Broadcast subscriber churn represents the number of cable and satellite residential subscribers whose service is disconnected, expressed as a percentage of the average total number of cable and satellite residential subscribers, presented on an annual basis.

Foxtel competes primarily with a variety of other video content providers, such as traditional Free To Air ("FTA") TV operators in Australia, including the three major commercial FTA networks and two major government-funded FTA broadcasters, and new content providers that deliver video programming over the internet. These providers include Internet Protocol television, or IPTV, and subscription video-on-demand, or SVOD, providers such as Fetch TV, Netflix, Stan and Amazon Prime Video; streaming services offered through digital media providers, such as YouTube and Facebook; as well as programmers and distributors, such as CBS, Disney and the FTA networks, that provide, or have indicated an intention to provide, content, including smaller, lower-cost or free programming packages, directly to consumers over the internet. The Company believes that Foxtel's premium and exclusive content, wide array of products and services, set-top box features that enable subscribers to record, rewind, discover and watch content, its investment in On Demand capability and

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programming and benefits through broadband bundling enable it to offer subscribers a compelling alternative to its competitors. In addition, Foxtel continues to develop new features and products to improve the value proposition of its broadcast television packages and expand its subscriber base, including its iQ4 set-top box, 4K Ultra HD service, planned upgrades to its user interface to make content discovery easier and integrate third-party apps, and its OTT services such as Foxtel Now and the new sports streaming service Kayo.

Australian News Channel

ANC operates 10 channels featuring the latest in news, politics, sports, entertainment, public affairs, business and weather. ANC is licensed by Sky International AG to use Sky trademarks and domain names in connection with its operation and distribution of channels and services. ANC's channels consist of Sky News Live, Fox Sports News, Sky News Weather, Sky News UK, Sky News Extra, Sky News Extra 1, Sky News Extra 2, Sky News Extra 3, Sky News New Zealand and Sky News on WIN. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. Sky News on WIN is available on the regional FTA WIN network in Australia. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites. ANC primarily generates revenue through monthly affiliate fees received from pay-TV providers based on the number of subscribers and advertising.

ANC competes primarily with other news providers in Australia and New Zealand via its subscription television channels, third party content arrangements and free domain website. Its Australia Channel IPTV service also competes against OTT and IPTV subscription-based news providers in regions outside of Australia and New Zealand.

Book Publishing

The Company's Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world based on global revenue, with operations in 17 countries. HarperCollins publishes and distributes consumer books globally through print, digital and audio formats. Its digital formats include e-books and downloadable audio books for tablets, e-book readers and mobile devices. HarperCollins owns more than 120 branded imprints, including Harper, William Morrow, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson.

HarperCollins publishes works by well-known authors such as Harper Lee, Chip and Joanna Gaines, Rick Warren, Sarah Young and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird*, *Jesus Calling* and *Hillbilly Elegy*. Its print and digital global catalog includes more than 200,000 publications in different formats, in 16 languages, and it licenses rights for its authors' works to be published in more than 50 languages around the world. HarperCollins publishes fiction and nonfiction, with a focus on general, children's and religious content. Additionally, in the U.K., HarperCollins publishes titles for the equivalent of the K-12 educational market.

As of June 30, 2019, HarperCollins offered approximately 100,000 publications in digital formats, and nearly all of HarperCollins' new titles, as well as the majority of its entire catalog, are available as e-books. Digital sales, comprising revenues generated through the sale of e-books as well as downloadable audio books, represented approximately 20% of global consumer revenues for the fiscal year ended June 30, 2019. With the widespread adoption of electronic formats by consumers, HarperCollins is publishing a number of titles in digital formats before, or instead of, publishing a print edition.

During fiscal 2019, HarperCollins U.S. had 141 titles on the *New York Times* print and digital bestseller lists, with 22 titles hitting number one, including *Girl, Wash Your Face* and *Girl, Stop Apologizing* by Rachel Hollis, *Homebody*, *Magnolia Table* and *We Are the Gardeners* by Joanna Gaines, *The Hate U Give* and *On the Come Up* by Angie Thomas, *Everything is F*cked* by Mark Manson, *The Russia Hoax* by Gregg Jarrett, *The Other Woman*

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by Daniel Silva, *The Woman in the Window* by A.J. Finn, *The Tattooist of Auschwitz* by Heather Morris, *Sapiens* by Yuval Noah Harari, *You Are My Happy* by Hoda Kotbe, *Dear Boy* by Paris Rosenthal & Jason Rosenthal, *The Good Egg* by Jory John and *Kitchen Confidential* by Anthony Bourdain.

HarperCollins derives its revenue from the sale of print and digital books to a customer base that includes global technology companies, traditional brick and mortar booksellers, wholesale clubs and discount stores, including Amazon, Apple, Barnes & Noble and Tesco. Revenues at the Book Publishing segment are significantly affected by the timing of releases and the number of HarperCollins' books in the marketplace, and are typically highest during the Company's second fiscal quarter due to increased demand during the end-of-year holiday season in its main operating geographies.

The book publishing business operates in a highly competitive market that is quickly changing and continues to see technological innovations. HarperCollins competes with other large publishers, such as Penguin Random House, Simon & Schuster and Hachette Livre, as well as with numerous smaller publishers, for the rights to works by well-known authors and public personalities; competition could also come from new entrants as barriers to entry in book publishing are low. In addition, HarperCollins competes for consumers with other media formats and sources such as movies, television programming, magazines and mobile content. The Company believes HarperCollins is well positioned in the evolving book publishing market with significant size and brand recognition across multiple categories and geographies. Furthermore, HarperCollins is a leader in children's and religious books, categories which have been less impacted by the transition to digital consumption.

Digital Real Estate Services

The Company's Digital Real Estate Services segment consists of its 61.6% interest in REA Group, a publicly-traded company listed on ASX (ASX: REA), and its 80% interest in Move. The remaining 20% interest in Move is held by REA Group.

REA Group

REA Group is a market-leading digital media business specializing in property, with operations focused on property and property-related advertising and services, as well as financial services.

Property and Property-Related Advertising and Services

REA Group advertises property and property-related services on its websites and mobile apps across Australia and Asia. REA Group's Australian operations include leading residential, commercial and share property websites realestate.com.au, realcommercial.com.au, Flatmates.com.au and spacely.com.au. Additionally, REA Group operates media display and data services businesses, serving the display media market and markets adjacent to property, respectively. For the year ended June 30, 2019, average monthly visits to realestate.com.au were approximately 76.8 million. Launches of the realestate.com.au app increased 21% to 29.4 million average monthly launches in fiscal 2019 as compared to the prior year, with consumers spending more than 4.7 times longer on the app than any other property app in Australia according to Nielsen Digital Content Ratings. Realcommercial.com.au remains Australia's leading commercial property site across website and app. In fiscal 2019, the realcommercial.com.au app was launched 8.8 times more than the nearest competitor, and consumers spent more than 7.0 times longer on the realcommercial.com.au app based on Nielsen Digital Content Ratings data. Flatmates.com.au is the largest site for share accommodation in Australia, with average monthly visits of more than 3.0 million and more than 450,000 new members during fiscal 2019. Spacely.com.au is the leading advertising portal for short term commercial and co-working spaces in Australia with more than 4,000 property listings throughout Australia.

Realestate.com.au and realcommercial.com.au derive the majority of their revenue from their core property advertising listing products and monthly advertising subscriptions from real estate agents and property

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developers. Realestate.com.au and realcommercial.com.au offer a product hierarchy which enables real estate agents and property developers to upgrade listing advertisements to increase their prominence on the site, as well as a variety of targeted products, including media display advertising products. Flatmates.com.au and spacely.com.au derive the majority of their revenue from their shared space advertising listing products and booking fees. The media business offers unique advertising opportunities on REA Group's websites to property developers and other relevant markets, including utilities and telecommunications, insurance, finance, automotive and retail. REA Group also provides residential property data services to the financial sector through its Hometrack data services business.

REA Group's international operations consist of property sites throughout Asia, including leading property portals in Malaysia, Indonesia, Hong Kong and Thailand, and prominent portals in Singapore and China. In fiscal 2019, REA Group consolidated its two brands in Hong Kong and launched a new squarefoot.com.hk, which became Hong Kong's leading property portal in June 2019. In Malaysia, iproperty.com.my became the first major property portal to offer a search experience in the local Bahasa language, enabling the business to reach more than 69% of the local population. REA Group also operates Chinese site myfun.com, which supports REA Group's businesses in other geographic markets by showcasing residential property listings to Chinese buyers and investors, and delivers leads to agents. REA Group's other assets include an approximate 13% interest in Elara Technologies Pte. Ltd. ("Elara"), a leading online real estate services provider in India that owns and operates PropTiger.com, Housing.com and Makaan.com, and a 20% interest in Move, as referenced above.

Financial Services

REA Group's financial services business encompasses realestate.com.au Home Loans, an end-to-end digital property search and financing experience, and mortgage broking services, both through an integrated mortgage broking solution, as well as Smartline Home Loans Pty Limited, one of Australia's premier mortgage broking companies. The financial services business generates revenue primarily through fees and commissions from lenders, mortgage brokers and other customers. Since launching realestate.com.au Home Loans in 2017, applications for more than A\$1.8 billion (approximately US\$1.3 billion) of loans have been received.

REA Group competes primarily with other property websites in its geographic markets, including domain.com.au in Australia.

Move

Move is a leading provider of online real estate services in the U.S. Move primarily operates realtor.com®, a premier real estate information and services marketplace, under a perpetual agreement and trademark license with the National Association of Realtors® ("NAR"). Through realtor.com®, consumers have access to over 135 million properties across the U.S., including an extensive collection of homes and properties listed and displayed for sale and a large database of "off-market" properties. Realtor.com® and its related mobile apps display approximately 98% of all Multiple Listing Services ("MLS")-listed, for-sale and rental properties in the U.S., which are primarily sourced directly from relationships with MLSs across the country. Approximately 95% of its for-sale listings are updated at least every 15 minutes, on average, with the remaining listings updated daily. Realtor.com®'s content attracts a highly engaged consumer audience. Based on internal data, realtor.com® and its mobile sites had 72 million average monthly unique users during the quarter ended June 30, 2019. See "Part I. Business—Explanatory Note Regarding Certain Key Metrics." These users viewed an average of over two billion pages and spent an average of over two billion minutes on the realtor.com® website and mobile apps each month.

Realtor.com® generates the majority of its revenues through the sale of listing advertisement products, including ConnectionsSM Plus and AdvantageSM Pro, as well as its recently acquired Opicity performance and subscription-based services. Listing advertisement products allow real estate agents, brokers and franchises to enhance, prioritize and connect with consumers on for-sale property listings within the realtor.com® website and mobile

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apps. Listing advertisements are typically sold on a subscription basis. Opcity's concierge-based business model leverages its proprietary technology and platform to connect real estate professionals and other service providers, such as lenders and insurance companies, to Opcity's pre-vetted consumers. Opcity's performance-based services connect real estate agents and brokers with these consumers and typically generate success fees upon completion of the associated real estate transaction, while the subscription-based services give service providers access to the same highly qualified home shoppers. Realtor.com® also derives revenue from sales of non-listing advertisement, or Media, products to real estate, finance, insurance, home improvement and other professionals that enable those professionals to connect with realtor.com®'s highly engaged and valuable consumer audience. Media products include sponsorships, display advertisements, text links, directories and Digital Advertising Package. Non-listing advertisement pricing models include cost per thousand, cost per click, cost per unique user and subscription-based sponsorships of specific content areas or targeted geographies.

In addition to realtor.com®, Move also offers a number of professional software and services products. These include the Top Producer® productivity and lead management tools and services, which are tailored to real estate agents and sold on a subscription basis, as well as the ListHub™ service, which syndicates for-sale listing information from MLSs and other reliable data sources, such as real estate brokerages, and distributes that content to an array of web sites. Listing syndication pricing includes fixed- or variable-pricing models based on listing counts, while ListHub™'s advanced reporting products are sold on a monthly subscription basis.

Move competes primarily with other real estate websites and mobile apps focused on the U.S. real estate market, including zillow.com and trulia.com.

Other

The Other segment includes the Company's general corporate overhead expenses, corporate Strategy Group and costs related to the U.K. Newspaper Matters. The Company's Strategy Group identifies new products and services across the Company's businesses to increase revenues and profitability and targets and assesses potential acquisitions, investments and dispositions. Initiatives include News IQ, the Company's data-driven digital advertising platform that enables targeting and engagement of premium audiences at scale across the Company's network of assets. As part of its ongoing role in assessing potential acquisitions and investments, the Strategy Group also oversaw the Company's acquisitions of Move, a leading provider of online real estate services in the U.S., Unruly, a global video advertising marketplace, and Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K. The Strategy Group also oversees the Company's strategic digital investments in India, including Elara, which owns PropTiger.com, Housing.com and Makaan.com.

Governmental Regulation

General

Various aspects of the Company's activities are subject to regulation in numerous jurisdictions around the world. The introduction of new laws and regulations in countries where the Company's products and services are produced or distributed, and changes in the enforcement of existing laws and regulations in those countries, could have a negative impact on the Company's interests.

Australian Media Regulation

The Company's subscription television interests are subject to Australia's regulatory framework for the broadcasting industry, including the Australian Broadcasting Services Act 1992 (Cth) (the "Broadcasting Services Act") and the Telecommunications Act 1997 (Cth) (the "Telecommunications Act") and associated Codes. The key regulatory body for the Australian broadcasting industry is the Australian Communications and Media Authority.

Key regulatory issues for subscription television providers include: (a) anti-siphoning restrictions—currently under the 'anti-siphoning' provisions of the Broadcasting Services Act, subscription television providers are

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prevented from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless national or commercial television broadcasters have not obtained these rights 26 weeks before the start of the event or the rights are held by commercial television licensees whose television broadcasting services cover more than 50% of the Australian population or the rights are held by one of Australia's two major government-funded broadcasters; and (b) other parts of the Broadcasting Services Act that may impact the Company's ownership structure and operations and restrict its ability to take advantage of acquisition or investment opportunities. Foxtel is also subject to various consumer protection regimes under the Telecommunications Act and associated Codes, which apply to Foxtel as a telecommunications service provider.

Data Privacy and Security

The Company's business activities are subject to laws and regulations governing the collection, use, sharing, protection and retention of personal data, which continue to evolve and have implications for how such data is managed. For example, in the U.S., certain of the Company's websites, mobile apps and other online business activities are subject to the Children's Online Privacy Protection Act of 1998, which prohibits the collection of personally identifiable information online from children under age 13 without prior parental consent. In addition, the Federal Trade Commission continues to expand its application of general consumer protection laws to commercial data practices, including to the use of personal and profiling data from online users to deliver targeted internet advertisements. More state and local governments are also expanding, enacting or proposing data privacy laws that govern the collection and use of personal data of their residents and increase penalties and afford private rights of action to individuals in certain circumstances for failure to comply, and most states have enacted legislation requiring businesses to provide notice to state agencies and to individuals whose personally identifiable information has been disclosed as a result of a data breach. The California Consumer Privacy Act ("CCPA"), which will take effect on January 1, 2020, is one such example, putting greater restrictions on how the Company can collect and use personal information.

Similar laws and regulations have been implemented in many of the other jurisdictions in which the Company operates, including the European Union and Australia. For example, the European Union adopted the General Data Protection Regulation ("GDPR"), which is intended to provide a uniform set of rules for personal data processing throughout the European Union and to replace the existing Data Protection Directive (Directive 95/46/EC). Fully applicable and enforceable as of May 25, 2018, the GDPR expands the regulation of the collection, processing, use and security of personal data, contains stringent conditions for consent from data subjects, strengthens the rights of individuals, including the right to have personal data deleted upon request, continues to restrict the trans-border flow of such data, requires companies to conduct privacy impact assessments to evaluate data processing operations that are likely to result in a high risk to the rights and freedoms of individuals, requires mandatory data breach reporting and notification, significantly increases maximum penalties for non-compliance (up to 20 million Euros, or approximately 23 million U.S. dollars, or 4% of an entity's worldwide annual turnover in the preceding financial year, whichever is higher) and increases the enforcement powers of the data protection authorities. The European Union is also considering an update to its Privacy and Electronic Communication (e-Privacy) Directive with a regulation to, among other things, amend the current directive's rules on the use of cookies and opt-outs.

In 2016, the European Commission adopted a new mechanism for the transfer of personal data from the European Union to the United States called the Privacy Shield. Other than for one business unit operating an advertising exchange, the Company has not certified to, and does not rely on, the Privacy Shield framework for data transfers among the Company's businesses and instead relies on other mechanisms. However, certain of the Company's service providers do rely on the Privacy Shield. The Privacy Shield is subject to significant uncertainty, including an annual review procedure by U.S. and E.U. authorities and a legal challenge scheduled to be heard by the General Court of the E.U. in July 2019, that could affect the Company's or its service providers' obligations thereunder. The other mechanisms that the Company and certain of its service providers rely on to address the European data protection requirements for transfers of data, including the European Union

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Standard Contractual Clauses, are also subject to uncertainty and legal challenges. Challenges to existing data transfer mechanisms, and any future legal challenges to data transfer mechanisms that may be adopted, could cause the Company to incur additional costs, require it to change business practices or affect the manner in which it provides its services.

In Australia, data privacy laws impose additional requirements on organizations that handle personal data by, among other things, requiring the disclosure of cross-border data transfers, placing restrictions on direct marketing practices and imposing mandatory data breach reporting, and additional data privacy and security requirements and industry standards are under consideration.

Industry participants in the U.S., Europe and Australia have taken steps to increase compliance with relevant industry-level standards and practices, including the implementation of self-regulatory regimes for online behavioral advertising that impose obligations on participating companies, such as the Company, to give consumers a better understanding of advertisements that are customized based on their online behavior.

The interpretation and application of data privacy and security laws are often uncertain, in flux, and evolving in the United States and internationally. The Company continues to monitor pending legislation and regulatory initiatives to ascertain relevance, analyze impact and develop strategic direction surrounding regulatory trends and developments, including any changes required in the Company's data privacy and security compliance programs.

U.K. Press Regulation

As a result of the implementation of recommendations of the Leveson inquiry into the U.K. press, a Press Recognition Panel responsible for approving, overseeing and monitoring a new press regulatory body or bodies was established. Once approved by the Press Recognition Panel, the new press regulatory body or bodies would be responsible for overseeing participating publishers. In addition to the Press Recognition Panel, certain legislation provides that publishers who are not members of an approved regulator may be liable for exemplary damages in certain cases where such damages are not currently awarded and, if Section 40 of the Crime and Courts Act 2013 is enacted, the payment of costs for both parties in libel actions in certain circumstances.

Press regulator IMPRESS was recognized as an approved regulator by the Press Recognition Panel on October 25, 2016. However, publications representing the majority of the industry in the U.K., including News UK, entered into binding contracts to form an alternative regulator, the Independent Press Standards Organisation, or IPSO, in September 2014. IPSO currently has no plans to apply for recognition from the Press Recognition Panel. IPSO has an independent chairman and a 12-member board, the majority of which are independent. IPSO oversees the Editors' Code of Practice, requires members to implement appropriate internal governance processes and requires self-reporting of any failures, provides a complaints handling service, has the ability to require publications to print corrections and has the power to investigate serious or systemic breaches of the Editors' Code of Practice and levy fines of up to £1 million. IPSO has also introduced an arbitration scheme to resolve claims against publications. The burdens IPSO imposes on its print media members, including the Company's newspaper publishing businesses in the U.K., may result in competitive disadvantages versus other forms of media and may increase the costs of regulatory compliance.

U.K. Radio Broadcasting Regulation

The Company's radio stations in the U.K. and Ireland are also subject to governmental regulation by the relevant broadcast authorities as the Company is required to obtain and maintain licenses from such authorities to operate these stations. Although the Company expects its licenses will, where relevant, be renewed in the ordinary course upon their expiration, there can be no assurance that this will be the case. Non-compliance by the Company with the requirements associated with such licenses or other applicable laws and regulations, including of the relevant authority, could result in fines, additional license conditions, license revocation or other adverse regulatory actions.

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Intellectual Property

The Company's intellectual property assets include: copyrights in newspapers, books, television programming and other content and technologies; trademarks in names and logos; trade names; domain names; and licenses of intellectual property rights. These licenses include: (1) the sports programming rights licenses for the National Rugby League, Australian Football League, Cricket Australia, V8 Supercars, Formula One, Football Federation Australia, Australian Rugby Union and other broadcasting rights described in Note 16 to the Financial Statements; (2) licenses from various third parties, including ARRIS, of patents and other technology for the set-top boxes and related operating and conditional access systems used in the Company's pay-TV business; (3) the trademark license for the realtor.com® website address, as well as the REALTOR® trademark (the "NAR License"); and (4) the trademark licenses for the use of FOX formative trademarks used in the Company's pay-TV business in Australia (the "Fox Licenses"). In addition, its intellectual property assets include patents or patent applications for inventions related to its products, business methods and/or services, none of which are material to its financial condition or results of operations. The Company derives value and revenue from its intellectual property assets through, among other things, print and digital newspaper and magazine subscriptions and sales, subscriptions to its pay-TV services and distribution and/or licensing of its television programming to other television services, the sale, distribution and/or licensing of print and digital books, the sale of subscriptions to its content and information services and the operation of websites and other digital properties.

The Company devotes significant resources to protecting its intellectual property assets in the U.S., the U.K., Australia and other foreign territories. To protect these assets, the Company relies upon a combination of copyright, trademark, unfair competition, patent, trade secret and other laws and contract provisions. However, there can be no assurance of the degree to which these measures will be successful in any given case. Piracy, including in the digital environment, continues to present a threat to revenues from products and services based on intellectual property. Policing unauthorized use of the Company's products, services and content and related intellectual property is often difficult and the steps taken may not in every case prevent the infringement by unauthorized third parties of the Company's intellectual property. The Company seeks to limit the threat of piracy by preventing unauthorized access to its content through the use of programming content encryption, signal encryption and other security access devices and digital rights management software, as well as by obtaining site blocking orders against pirate streaming and torrent sites and a variety of other actions. The Company also seeks to limit such threat by pursuing legal sanctions for infringement, promoting appropriate legislative initiatives and international treaties and enhancing public awareness of the meaning and value of intellectual property and intellectual property laws. However, effective intellectual property protection may be either unavailable or limited in certain foreign territories. Therefore, the Company also engages in efforts to strengthen and update intellectual property protection around the world, including efforts to ensure the effective enforcement of intellectual property laws and remedies for infringement.

Third parties may challenge the validity or scope of the Company's intellectual property from time to time, and such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their validity, such claims may result in substantial costs and diversion of resources that could have an adverse effect on the Company's operations.

Raw Materials

As a major publisher of newspapers, magazines, free-standing inserts and books, the Company utilizes substantial quantities of various types of paper. In order to obtain the best available prices, substantially all of the Company's paper purchasing is done on a regional, volume purchase basis, and draws upon major paper manufacturing countries around the world. The Company believes that under present market conditions, its sources of paper supply used in its publishing activities are adequate.

Employees

As of June 30, 2019, the Company had approximately 28,000 employees, of whom approximately 10,000 were located in the U.S., 4,000 were located in the U.K. and 10,000 were located in Australia. Of the Company's

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employees, approximately 5,000 were represented by various employee unions. The contracts with such unions will expire during various times over the next several years. The Company believes its current relationships with employees are generally good.

Explanatory Note Regarding Certain Key Metrics

Unique Users

For purposes of this Annual Report, the Company counts unique users the first time an individual accesses a product's website using a browser during a calendar month and the first time an individual accesses a product's mobile or tablet app using a mobile or tablet device during a calendar month. If the user accesses more than one of a product's desktop websites, mobile websites, mobile apps and/or tablet apps, the first access to each such website or app is counted as a separate unique user. In addition, users accessing a product's websites through different browsers, users who clear their browser cache at any time and users who access a product's websites and apps through different devices are also counted as separate unique users. For a group of products such as WSJDN, a user accessing different products within the group is counted as a separate unique user for each product accessed.

Broadcast Subscribers

Broadcast subscribers consist of residential subscribers and commercial subscribers, which are calculated as described below.

Residential Subscribers

Total number of residential subscribers represents total residential subscribers to the Company's pay-TV services through cable and satellite distribution, including subscribers obtained through third-party distribution relationships.

Commercial Subscribers

Commercial subscribers for the Company's pay-TV business are calculated as residential equivalent business units, which are derived by dividing total recurring revenue from these subscribers by an estimated average Broadcast ARPU which is held constant through the year. Total number of commercial subscribers represents total commercial subscribers to the Company's pay-TV services through cable and satellite distribution, including subscribers obtained through third-party distribution relationships.

Broadcast ARPU

The Company calculates Broadcast ARPU for its pay-TV business by dividing broadcast package revenues for the period, net of customer credits, promotions and other discounts, by average cable and satellite residential subscribers for the period and dividing by the number of months in the period. Average cable and satellite residential subscribers, or "Average Broadcast Subscribers," for a given period is calculated by first adding the beginning and ending cable and satellite residential subscribers for each month in the period and dividing by two and then adding each of those monthly average subscriber numbers and dividing by the number of months in the period.

Broadcast Subscriber Churn

The Company calculates Broadcast Subscriber Churn for its pay-TV business by dividing the total number of disconnected cable and satellite residential subscribers for the period, net of reconnects and transfers, by the Average Broadcast Subscribers for the period, calculated as described above. This amount is then divided by the number of days in the period and multiplied by 365 days to present churn on an annual basis.

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ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating the Company and its common stock. Any of the following risks, or other risks or uncertainties not presently known or currently deemed immaterial, could materially and adversely affect the Company's business, results of operations or financial condition, and could, in turn, impact the trading price of the Company's common stock.

The Company's Businesses Operate in a Highly Competitive Business Environment, and the Company's Success Depends on its Ability to Compete Effectively.

The Company's businesses face significant competition from other sources of news, information and entertainment, including both traditional and new content providers. This competition continues to intensify as a result of rapid changes in technologies and platforms, and the Company may be adversely affected if consumers migrate to other alternatives. For example, advertising and circulation revenues in the Company's News and Information Services segment may continue to decline, reflecting consumers' increasing reliance on a variety of content providers and platforms, including search engines, news aggregation websites, social media networks and customized news feeds, for the delivery of news and information, often without charge. In addition, due to the increased availability of high-speed internet access and innovations in content distribution platforms that enable streaming and downloading of programming, consumers are now more readily able to watch internet-delivered content through an increasing variety of providers. These providers include IPTV and SVOD services, such as Fetch TV, Netflix, Stan and Amazon Prime Video, streaming services offered through digital media providers, such as YouTube and Facebook, as well as programmers and distributors, such as CBS, Disney and the FTA networks, that have begun providing content, including smaller, lower-cost or free programming packages, directly to consumers over the internet. The increasing number of choices available to consumers for video content has caused some of the subscribers to the Company's pay-TV services to disconnect their services, downgrade to smaller, less expensive programming packages or purchase certain services from other providers, and this may continue. This trend has adversely affected, and may continue to adversely affect, both the Company's subscription revenue and, in turn, advertisers' willingness to purchase television advertising from the Company.

In order to compete effectively, the Company must differentiate and distinguish its products and services and anticipate and adapt to changes in consumer tastes and behaviors, which in turn, depends on many factors both within and beyond its control. For example, the Company relies on acceptance of the high-quality differentiated content in its newspapers, book titles, pay-TV programming and radio stations, as well as its wide array of digital and mobile products and services, in order to retain and grow its audiences, consumers and subscribers. However, when faced with a multitude of choices, consumers may place greater value on the convenience and price of content and other products and services than they do on their source, quality or reliability. Online traffic and product purchases are also driven by internet search results, referrals from social media and other platforms and visibility on digital marketplace platforms and in mobile app stores. Search engine results and digital marketplace and mobile app store rankings are based on algorithms that change frequently, and social media and other platforms may also vary their emphasis on what content to highlight for users. Any failure to successfully manage and adapt to these changes across the Company's businesses, including those affecting how the Company's content, apps and products are prioritized, displayed and monetized, could result in significant decreases in traffic to the Company's digital properties, lower advertiser interest in those properties, increased costs if free traffic is replaced with paid traffic and lower product sales and subscriptions or otherwise adversely affect the Company's business.

From time to time, the Company may pursue new strategic initiatives in order to remain competitive, such as its OTT strategy and its planned migration of subscribers from cable to satellite or internet delivery at its pay-TV business and its new concierge model for its U.S. digital real estate business. The Company may be required to incur significant capital expenditures, marketing and other costs in order to implement these strategies, which may be dilutive to its earnings. There can be no assurance these initiatives will be successful in the manner or

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time period the Company expects or that it will realize, in full or in part, the anticipated benefits it expects such strategy to achieve. The failure to realize those benefits could have a material adverse effect on the Company's business, results of operations and financial condition. For example, the Company is targeting a different demographic with its new streaming services, which are offered at a lower price point than its traditional broadcast subscription packages. However, if instead those streaming offerings cause broadcast subscribers to disconnect their services or downgrade to smaller, less expensive programming packages, the Company's revenues may be materially and adversely affected.

Some of the Company's current and potential competitors may have greater resources, fewer regulatory burdens, better competitive positions in certain areas, greater operating capabilities, greater access to sources of content or other services and/or easier access to financing, which may allow them to respond more effectively to changes in technology, consumer preferences and market conditions. Continued consolidation among competitors in certain industries in which the Company's businesses operate may increase these advantages, including through greater scale, financial leverage and/or access to content and other offerings. If the Company is unable to compete successfully against existing or future competitors, its business, results of operations and financial condition could be adversely affected.

The Company Must Respond to New Technologies and Changes in Consumer Behavior and Continue to Innovate and Provide Useful Products in Order to Remain Competitive.

Technology continues to evolve rapidly, and the resulting changes in consumer behavior and preferences create constant opportunities for new and existing competitors that can quickly render the Company's products and services less valuable. For example, alternative methods for the delivery, storage and consumption of digital content, including the distribution of news and other content through social networking tools and on mobile and other devices, often without charge, internet and mobile distribution of video content via streaming and downloading and digital distribution models for books, have empowered consumers to seek more control over the convenience and price of content consumption. Enhanced internet capabilities and the development of new media channels may continue to reduce the demand for the Company's newspapers, television programs and other products and services and the price consumers are willing to pay for such products and services. Consumption of the Company's content on new delivery platforms may also lead to loss of distribution and pricing control, loss of a direct relationship with consumers and lower engagement and subscription rates. In addition, other technological developments, such as those allowing consumers to skip, fast forward through or block advertisements or otherwise time-shift viewing, may cause changes in consumer behavior that adversely affect the attractiveness of the Company's offerings to advertisers.

Technological developments have in many cases also increased competition by significantly lowering barriers to entry. For example, content providers are now able to compete with our pay-TV business via direct-to-consumer offerings, as internet streaming capabilities enabled the disaggregation of content delivery from the ownership of network infrastructure. Other digital platforms and technologies, such as user-generated sites and self-publishing tools, have also reduced the effort and expense of producing and distributing content on a wide scale, allowing digital content providers, customers, suppliers and other third parties to compete with the Company, often at a lower cost. This trend may drive down the price consumers are willing to spend on the Company's products disproportionately to the costs associated with generating content. Additional digital distribution channels, such as online retailers and digital marketplaces, have presented, and may continue to present, challenges to the Company's business models, including its traditional book publishing model, which could adversely affect sales volume and/or pricing.

The Company must continue to acquire, develop, adopt, upgrade and exploit new and existing technologies to ensure its products and services remain relevant and useful for consumers and customers, are delivered in the manner in which consumers and customers wish to consume them and are offered at competitive prices. The Company may be required to incur significant capital expenditures and other costs in order to respond to new technologies, new and enhanced offerings from its competitors and changes in consumer behavior, and to attract

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and retain employees with the necessary skill sets and knowledge base. For example, the Company has made, and expects to continue to make investments and incur costs in its pay-TV business as it continues to develop and improve its OTT services, including its recently-launched Kayo sports streaming service, Foxtel Now and other potential new OTT services. The development of new technologically advanced products is a complex and uncertain process, and there is a risk the Company may not be able to develop and market these opportunities in a timely or cost-effective manner and its responses and strategies to remain competitive, including new product offerings, may not be accepted by consumers or generate sufficient revenues to be profitable. The Company's failure to respond to and develop new technologies, distribution channels and platforms, products and services to take advantage of advancements in technology and the latest consumer preferences could cause its customer, audience and/or user base or its advertisers to decline, in some cases precipitously, and could have a significant adverse effect on its business, asset values, results of operations and financial condition.

A Decline in Customer Advertising Expenditures in the Company's Newspaper and Other Businesses Could Cause its Revenues and Operating Results to Decline Significantly.

The Company derives substantial revenues from the sale of advertising through its newspapers, integrated marketing services, digital media properties, cable channels and other pay-TV programming and radio stations. The Company's ability to generate advertising revenue is dependent on a number of factors, including: (1) demand for the Company's products and services, (2) audience fragmentation, (3) digital advertising trends, (4) its ability to offer advertising products and formats sought by advertisers, (5) general economic and business conditions, (6) demographics of the customer base, (7) advertising rates and (8) advertising effectiveness.

Demand for the Company's products and services depends upon the Company's ability to differentiate those products and services and anticipate and adapt to changes in consumer behaviors and is evaluated based on a variety of metrics. For example, circulation levels for the Company's newspapers, ratings points for its cable channels and number of listeners for its radio stations are among the factors advertisers consider when determining the amount of advertising to purchase from the Company as well as advertising rates. For the Company's digital media properties, advertisers evaluate consumer demand using metrics such as the number of visits, number of users and user engagement. Any difficulty or failure in accurately measuring demand, particularly demand generated through new platforms, may lead to under-measurement and, in turn, lower advertising pricing and spending.

The increasing popularity of digital media among consumers as a source of news and other content has driven a corresponding shift in advertising from traditional channels to digital platforms. This shift has significantly impacted the Company's print advertising revenues in particular, which have declined in each of its last three fiscal years. The development of new devices and technologies, as well as higher consumer engagement with other forms of digital media such as online and mobile social networking, are increasing the number of media choices and formats available to audiences, resulting in audience fragmentation and increased competition for advertising. The range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have historically resulted in significantly lower rates for digital advertising than for print advertising. In addition, in the past, rates have been generally lower for mobile advertising than for desktop advertising. As a result, increasing consumer reliance on mobile devices may add additional pricing pressure. Consequently, the Company's digital advertising revenue may not be able to replace print advertising revenue lost as a result of the shift to digital consumption.

The digital advertising market also continues to undergo significant changes that may further impact digital advertising revenues. Digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audiences at scale are playing a more significant role in the advertising marketplace and may cause further downward pricing pressure. New delivery platforms may also lead to loss of distribution and pricing control and loss of a direct relationship with consumers. In addition, evolving standards for the delivery of digital advertising, as well as the development and implementation of technology and policies that adversely affect the Company's ability to deliver, target or measure the effectiveness

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of its advertising such as blocking, changing the location of, or obscuring, the display of advertising on websites and mobile devices and/or blocking or deleting cookies, may also negatively impact digital advertising revenues. As the digital advertising market continues to evolve, the Company's ability to compete successfully for advertising budgets will depend on, among other things, its ability to drive scale, engage and grow digital audiences, collect and leverage better user data, develop new digital advertising products and formats such as branded and other custom content, and video and mobile advertising, and prove the value of its advertising and the effectiveness of the Company's platforms to its advertising customers, including through more targeted, data-driven offerings. In recent years, large digital platforms such as Facebook, Google and Amazon, which have extensive audience reach and targeting capabilities, have commanded an increasing share of the digital advertising market, and the Company expects this trend may continue.

The Company's print and digital advertising revenue is also affected generally by overall national and local economic and business conditions, including consumer spending, housing sales, auto sales, unemployment rates and job creation, advertisers' budgeting and buying patterns, which tend to be cyclical, as well as federal, state and local election cycles. In addition, certain sectors of the economy account for a significant portion of the Company's advertising revenues, including retail, technology and finance. Some of these sectors, such as retail, are more susceptible to weakness in economic conditions and have also been under pressure from increased online competition. A decline in the economic prospects of these and other advertisers or the economy in general could alter current or prospective advertisers' spending priorities or result in consolidation or closures across various industries, which may also reduce the Company's overall advertising revenue.

While the Company has adopted a number of strategies and initiatives to address these challenges, there can be no guarantee that its efforts will be successful. If the Company is unable to demonstrate the continuing value of its various platforms and high-quality content and brands or offer advertisers unique multi-platform advertising programs, its results may suffer. Reduced demand for the Company's offerings, a decrease in advertising expenditures by the Company's customers or a surplus of advertising inventory could lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company's businesses and assets, results of operations and financial condition.

The Inability to Obtain and Retain Sports, Entertainment and Other Programming Rights and Content Could Adversely Affect the Revenue of Certain of the Company's Operating Businesses, and Costs Could Also Increase Upon Renewal.

Competition for popular programming licensed from third parties is intense, and the success of certain of the Company's operating businesses, including its pay-TV business, depends on, among other things, their ability to obtain and retain rights to desirable programming and certain related elements thereof, such as music rights, that enable them to deliver content to subscribers and audiences in the manner in which they wish to consume it and at competitive prices. The pay-TV industry, including the Company's pay-TV business, has experienced higher programming costs due to, among other things, (1) increases imposed by sports, entertainment and other programmers when offering new programming or upon the expiration of existing contracts; (2) the carriage of incremental programming, including new services and SVOD programming; and (3) increased competition from other digital media companies, including SVOD providers, for the rights to popular or exclusive content. Certain of the Company's operating businesses, including its pay-TV business, are party to contracts for sports, entertainment and other programming rights with various third parties, including professional sports leagues and teams, television and motion picture producers and other content providers. These contracts have varying durations and renewal terms, and as they expire, renewals on favorable terms may be sought. In the course of renegotiating these and other agreements as they expire, the financial and other terms of these contracts may change as a result of various reasons beyond the Company's control, such as changes in the Company's bargaining power or in the industry, and in order to retain or extend such rights, the Company may be required to increase the value of its offer to amounts that substantially exceed the existing contract costs. Furthermore, third parties may outbid the Company for those rights and/or for any new programming offerings. In addition, as other content providers develop their own competing services, they may be unwilling to provide the Company with

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access to certain content. For example, professional sports leagues or teams, as well as programmers and distributors such as CBS and Disney, have created and may continue to create their own direct-to-consumer offerings. Further, consolidation among content providers may increase the amount of content that could become unavailable to the Company. The loss of rights may adversely affect the breadth or quality of the Company's content offerings, including the extent of the sports coverage and the availability of other popular entertainment programming offered by the Company and lead to customer or audience dissatisfaction or, in some cases, loss of customers or audiences, which could, in turn, adversely affect its revenues. In addition, the Company's business, results of operations and financial condition could be adversely affected if upon renewal, escalations in programming rights costs are unmatched by increases in subscriber and carriage fees and advertising rates.

The Company Has Made and May Continue to Make Strategic Acquisitions, Investments and Divestitures That Introduce Significant Risks and Uncertainties.

In order to position its business to take advantage of growth opportunities, the Company has made and may continue to make strategic acquisitions and investments that involve significant risks and uncertainties. These risks and uncertainties include, among others: (1) the difficulty in integrating newly acquired businesses and operations in an efficient and effective manner, (2) the challenges in achieving strategic objectives, cost savings and other anticipated benefits, (3) the potential loss of key employees of the acquired businesses, (4) with respect to investments, risks associated with the inability to control the operations of the business, (5) the risk of diverting the attention of the Company's senior management from the Company's operations, (6) the risks associated with integrating financial reporting and internal control systems, (7) the difficulties in expanding information technology systems and other business processes to accommodate the acquired businesses, (8) in the case of foreign acquisitions and investments, the impact of specific economic, tax, currency, political, legal and regulatory risks associated with the relevant countries, (9) liabilities, both known and unknown, associated with the acquired businesses or investments and (10) in some cases, increased regulation. If any acquired business or investment fails to operate as anticipated or an acquired business cannot be successfully integrated with the Company's existing businesses, the Company's business, results of operations, financial condition and reputation could be adversely affected, and the Company may be required to record non-cash impairment charges for the write-down of certain acquired assets.

In addition, the Company has divested and may in the future divest certain assets or businesses that no longer fit with its strategic direction or growth targets. Divestitures involve significant risks and uncertainties that could adversely affect the Company's business, results of operations and financial condition. These include, among others, the inability to find potential buyers on favorable terms, disruption to its business and/or diversion of management attention from other business concerns, loss of key employees, difficulties in separating the operations of the divested business and possible retention of certain liabilities related to the divested business.

Fluctuations in Foreign Currency Exchange Rates Could Have an Adverse Effect on the Company's Results of Operations.

The Company is exposed to foreign currency exchange rate risk with respect to its consolidated debt when the debt is denominated in a currency other than the functional currency of the operations whose cash flows support the ability to repay or refinance such debt. As of June 30, 2019, the Foxtel operating subsidiaries, whose functional currency is Australian dollars, had approximately \$575 million aggregate principal amount of outstanding indebtedness denominated in U.S. dollars. The Company's policy is to hedge against the risk of foreign currency exchange rate movements with respect to this exposure where commercially reasonable. However, there can be no assurance that it will be able to continue to do so at a reasonable cost or at all, or that there will not be a default by any of the counterparties to those arrangements.

In addition, the Company is exposed to foreign currency translation risk because it has significant operations in a number of foreign jurisdictions and certain of its operations are conducted in currencies other than the Company's reporting currency, primarily the Australian dollar and the British pound sterling. Since the

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Company's financial statements are denominated in U.S. dollars, changes in foreign currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, a currency translation impact on the Company's earnings when the results of those operations that are reported in foreign currencies are translated into U.S. dollars for inclusion in the Company's consolidated financial statements, which could, in turn, have an adverse effect on its reported results of operations in a given period or in specific markets. In particular, exchange rates between the U.S. dollar and the British pound sterling are expected to remain volatile due to continued political uncertainty in the U.K. and the negotiation of its exit from the European Union, commonly referred to as "Brexit."

Weak Domestic and Global Economic Conditions and Volatility and Disruption in the Financial and Other Markets May Adversely Affect the Company's Business.

The U.S. and global economies have undergone, and continue to experience, periods of economic and market weakness or uncertainty, including as a result of recent trade disputes between a number of countries. These conditions have in the past resulted in, among other things, a general tightening in the credit and capital markets, limited access to the credit and capital markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending, lower consumer net worth and a dramatic decline in the real estate market. Such market disruptions have often led to broader economic downturns that have historically resulted in lower advertising expenditures, lower demand for the Company's products and services and unfavorable changes in the mix of products and services purchased and have adversely affected the Company's business, results of operations, financial condition and liquidity. Any continued or recurring economic weakness could further impact the Company's business and reduce its circulation and subscription, advertising, real estate, consumer and other revenues and otherwise negatively impact the performance of its businesses. The Company is particularly exposed to certain Australian business risks, including specific Australian legal and regulatory risks, consumer preferences and competition, because it holds a substantial amount of Australian assets and generated approximately 40% of its fiscal 2019 revenues from Australia. As a result, the Company's business, results of operations and financial condition may be adversely affected by negative developments in the Australian market, including, for example, recent weakness in the Australian residential real estate market which has led, and may continue to lead, to lower listing volumes at REA Group. The Company also generated approximately 13% of its fiscal 2019 revenues from the U.K., which continues to experience political, regulatory, economic and market uncertainty as it negotiates the terms of Brexit. While the impact of Brexit is difficult to predict, it could significantly affect the fiscal, monetary, political and regulatory landscape, lead other member countries to consider leaving the European Union, result in the diminishment or elimination of barrier-free access between the U.K. and other European Union member states and additional volatility and disruption in the financial and other markets and have an adverse impact on the Company's businesses in the U.K. and elsewhere.

In addition, further volatility and disruption in the financial markets could make it more difficult and expensive for the Company to obtain financing or refinance its existing indebtedness. These conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company, including as a result of their inability to obtain capital on acceptable terms. Although the Company believes that its capitalization, operating cash flow and current access to credit and capital markets, including the Company's revolving credit facility, will give it the ability to meet its financial needs for the foreseeable future, there can be no assurance that any further volatility and disruption in domestic and global credit and capital markets will not impair the Company's liquidity or increase its cost of borrowing.

The Company Relies on Network and Information Systems and Other Technology Whose Failure or Misuse Could Cause a Disruption of Services or Loss, Improper Access to or Disclosure of Personal Data, Business Information, Including Intellectual Property, or Other Confidential Information, Resulting in Increased Costs, Loss of Revenue, Reputational Damage or Other Harm to the Company's Business.

Network and information systems and other technologies, including those related to the Company's network management, are important to its business activities and contain the Company's proprietary, confidential and

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sensitive business information, including personal data of its customers and personnel. The Company also relies on third party providers for certain technology and “cloud-based” systems and services that support a variety of business operations. Network and information systems-related events affecting the Company’s systems, or those of third parties upon which the Company’s business relies, such as computer compromises, cyber threats and attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities by individuals or state-sponsored or other groups, or any combination of the foregoing, as well as power and internet outages, equipment failure, natural disasters (including extreme weather), terrorist activities, war, human or technological error or malfeasance that may affect such systems, could result in disruption of the Company’s business and/or loss, corruption, improper access to or disclosure of personal data, business information, including intellectual property, or other confidential information. System redundancy may be ineffective or inadequate, and the Company’s disaster recovery and business continuity planning may not be sufficient to address all potential cyber events. Unauthorized parties may also fraudulently induce the Company’s employees or other agents to disclose sensitive or confidential information in order to gain access to the Company’s systems, facilities or data, or those of third parties with whom the Company does business. In addition, any design or manufacturing defects in, or the improper implementation of, hardware or software applications the Company develops or procures from third parties could unexpectedly disrupt the Company’s network and information systems or compromise information security.

In recent years, there has been a significant rise in the number of cyberattacks on companies’ network and information systems, and such attacks have become more sophisticated, targeted and difficult to detect and prevent against. As a result, the risks associated with such an event continue to increase, particularly as the Company’s digital businesses expand. The Company has experienced, and expects to continue to be subject to, cybersecurity threats and incidents, none of which have been material to the Company to date, individually or in the aggregate. While the Company and its vendors have developed and implemented security measures and internal controls that are designed to protect personal data, business information, including intellectual property, and other confidential information, to prevent data loss, and to prevent or detect security breaches, such security measures cannot provide absolute security and may not be successful in preventing these events from occurring, particularly given that techniques used to access, disable or degrade service, or sabotage systems change frequently, and any network and information systems-related events could require the Company to expend significant resources to remedy such event. Moreover, the development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. While the Company maintains cyber risk insurance, this insurance may not be sufficient to cover all losses from any future breaches of the Company’s systems and does not extend to reputational damage or costs incurred to improve or strengthen systems against future incidents.

A significant failure, compromise, breach or interruption of the Company’s systems, or those of third parties upon which its business relies, could result in a disruption of its operations, including degradation or disruption of service, equipment damage, customer, audience or advertiser dissatisfaction, damage to its reputation or brands, regulatory investigations and enforcement actions, lawsuits, remediation costs, a loss of customers, audience, advertisers, business partners or revenues and other financial losses. If any such failure, interruption or similar event results in improper access to or disclosure of information maintained in the Company’s information systems and networks or those of its vendors, including financial, personal and credit card data, as well as confidential and proprietary information relating to personnel, customers, vendors and the Company’s business, including its intellectual property, the Company could also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy. The Company may also be required to notify certain governmental agencies and/or regulators (including the appropriate EU supervisory authority) about any actual or perceived data security breach, as well as the individuals who are affected by any such incident, within strict time periods. In addition, media or other reports of perceived security vulnerabilities in the Company’s systems or those of third parties upon which its business relies, even if nothing has actually been attempted or occurred, could also adversely impact the Company’s brand and reputation and materially affect its business, results of operations and financial condition.

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The Company Could Suffer Losses Due to Asset Impairment and Restructuring Charges.

As a result of adverse developments in the Company's industry and challenging market conditions, the Company may recognize impairment charges for write-downs of goodwill, intangible assets, investments and other long-lived assets, as well as restructuring charges relating to the reorganization of its businesses, which negatively impact the Company's results of operations and, in the case of cash restructuring charges, its financial condition. Impairments and restructuring charges may also negatively impact the Company's taxes, including its ability to deduct certain interest costs. The Company's management must regularly evaluate the carrying value of goodwill and other intangible assets expected to contribute indefinitely to the Company's cash flows in order to determine whether, based on projected discounted future cash flows and other market assumptions, the carrying value for such assets exceeds current fair value and the Company should recognize an impairment. In accordance with GAAP, the Company performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including newspaper mastheads, distribution networks, publishing imprints, radio broadcast licenses, trademarks and trade names, publishing rights and customer relationships, during the fourth quarter of each fiscal year. The Company also continually evaluates whether current factors or indicators, such as prevailing conditions in the business environment, credit and capital markets or the economy generally and actual or projected operating results, require the performance of an interim impairment assessment of those assets, as well as other investments and long-lived assets, or require the Company to engage in any additional business restructurings to address these conditions. For example, any significant shortfall, now or in the future, in advertising revenue, the expected popularity of the programming for which the Company has acquired rights and/or consumer acceptance of new products, including the Company's new SVOD services, could lead to a downward revision in the fair value of certain reporting units. Any downward revisions in the fair value of a reporting unit, indefinite-lived intangible assets, investments or other long-lived assets could result in additional impairments for which non-cash charges would be required, and any such charge could be material to the Company's reported results of operations. For example, in fiscal 2019, the Company recognized non-cash impairment charges of \$96 million, primarily related to goodwill at a reporting unit within the News and Information Services segment. In addition, as of June 30, 2019, the Company had approximately \$2.0 billion of goodwill that is at risk for future impairment because the fair values of the corresponding reporting units exceeded their respective carrying values in a range from approximately 0% to 5%. The Company may also incur additional restructuring charges in the future if it is required to further realign its resources in response to significant shortfalls in revenue or other adverse trends.

There Can Be No Assurance That the Company Will Have Access to the Credit and Capital Markets on Terms Acceptable to It, and the Significant Leverage of its Foxtel Operating Subsidiaries Could Limit the Ability of Those Subsidiaries to Access the Credit and Capital Markets and Have Other Adverse Effects.

From time to time the Company expects to access the credit and capital markets to obtain financing or refinance existing indebtedness. Although the Company believes that the sources of capital currently in place, including the Company's revolving credit facility, will permit the Company to finance its operations for the foreseeable future on acceptable terms and conditions, the Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors. The Company's Foxtel operating subsidiaries have significant leverage that could limit or prevent them from incurring additional debt or refinancing or otherwise extending the maturities of their existing debt. As of June 30, 2019, the Foxtel operating subsidiaries' total outstanding indebtedness was \$1.2 billion, including \$281 million due in fiscal 2020, with the remainder having various maturities through fiscal 2025. Factors impacting the Company's ability to access the credit and capital markets include, but are not limited to: (1) the financial and operational performance of the Company and/or its operating subsidiaries, as applicable; (2) the Company's credit ratings or absence of a credit rating and/or the credit rating of its operating subsidiaries, as applicable; (3) the provisions of any relevant debt instruments, credit agreements, indentures and similar or associated documents (collectively, the "Debt Documents"); (4) the liquidity of the overall credit and capital markets; and (5) the state of the economy. There can be no assurance that the Company (particularly as News Corp currently has no credit rating) will continue to have access to the credit and capital markets on terms acceptable to it.

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The Company's consolidated debt could also have other adverse effects. A portion of the outstanding debt bears interest at variable rates, which exposes the Company to the risk of interest rate fluctuations. If interest rates increase, the applicable debt service obligations will increase, which could reduce available cash flow and make it more difficult to make scheduled debt payments and/or limit the amount of cash available for operations, including investments and capital expenditures. Although the Company hedges a portion of the exposure to these interest rate movements, there can be no assurance that it will be able to continue to do so at a reasonable cost or at all, or that there will not be a default by any of the counterparties to those arrangements. In addition, the Foxtel operating subsidiaries' outstanding Debt Documents contain significant financial and operating covenants that may limit their operational and financial flexibility. Subject to certain exceptions, these covenants restrict or prohibit these operating subsidiaries from, among other things, undertaking certain transactions, disposing of properties or assets (including subsidiary stock), merging or consolidating with any other person, making financial accommodation available, giving guarantees, entering into certain other financing arrangements, creating or permitting certain liens, engaging in transactions with affiliates, making repayments of other loans and undergoing fundamental business changes. These instruments also generally include financial covenants requiring the Foxtel operating subsidiaries to maintain specified total debt to EBITDA and interest coverage ratios. In the event any of these covenants are breached and such breach results in a default under any of the Foxtel operating subsidiaries' Debt Documents, the lenders or noteholders, as applicable, may accelerate the maturity of the indebtedness under the applicable Debt Documents, which could result in a default under other outstanding Debt Documents and could have a material adverse impact on the Company's business, results of operation and financial condition.

The Company's Business Could Be Adversely Impacted by Changes in Governmental Policy and Regulation.

Various aspects of the Company's activities are subject to regulation in numerous jurisdictions around the world, and the introduction of new laws and regulations in countries where the Company's products and services are produced or distributed, and changes in the enforcement of existing laws and regulations in those countries, could have a negative impact on its interests. In addition, laws and regulations in some international jurisdictions differ from those in the United States, and the enforcement of those laws and regulations may be inconsistent and unpredictable. The Company may incur substantial costs or be required to change its business practices in order to comply with applicable laws and regulations and could incur substantial penalties or other liabilities in the event of any failure to comply.

The Company's Australian operating businesses may be adversely affected by changes in government policy, regulation or legislation, or the application or enforcement thereof, applying to companies in the Australian media industry or to Australian companies in general. This includes:

- anti-siphoning legislation which currently prevents pay-TV providers such as Foxtel from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless:
 - national or commercial television broadcasters have not obtained these rights 26 weeks before the start of the event;
 - the rights are held by commercial television licensees whose television broadcasting services cover more than 50% of the Australian population; or
 - the rights are held by one of Australia's two major government-funded broadcasters;
- other parts of the Broadcasting Services Act that regulate ownership interests and control of Australian media organizations. Such legislation may have an impact on the Company's ownership structure and operations and may restrict its ability to take advantage of acquisition or investment opportunities; and
- the Telecommunications Act and associated Codes, which apply various consumer protection regimes to Foxtel as a telecommunications service provider.

The Company's business activities are also subject to various laws and regulations in the United States and internationally governing the collection, use, sharing, protection and retention of personal data, which have

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implications for how such data is managed. Many of these laws and regulations continue to evolve, and substantial uncertainty surrounds their scope and application. Complying with these laws and regulations could be costly, require the Company to change its business practices, or limit or restrict aspects of the Company's business in a manner adverse to its business operations, including by inhibiting or preventing the collection of information that would enable it to provide more targeted, data-driven advertising offerings. The Company's failure to comply, even if inadvertent or in good faith, or as a result of a compromise, breach or interruption of the Company's systems by a third party, could result in exposure to enforcement by U.S. federal or state or foreign governments or private actors, as well as significant negative publicity and reputational damage. Examples of such laws are the European Union's GDPR, which went into effect in 2018, expanding the regulation of personal data processing throughout the European Union and significantly increasing maximum penalties for non-compliance, and California's CCPA, which will take effect on January 1, 2020 and will put greater restrictions on the collection and use of personal information. See "Governmental Regulation—Data Privacy and Security" for more information. Finally, because some of the Company's products and services are available on the internet, it may be subject to laws or regulations exposing it to liability or compliance obligations even in jurisdictions where the Company does not have a substantial presence.

In addition, the Company's newspaper publishing businesses in the U.K. are subject to greater regulation and oversight as a result of the implementation of recommendations of the Leveson inquiry into the U.K. press. Following the inquiry, the U.K. Government established a Press Recognition Panel responsible for approving and monitoring a new press regulatory body. Publishers who are not members of an approved regulator, including the Company, may be subject to exemplary damages in privacy and libel cases and, if Section 40 of the Crime and Courts Act 2013 is enacted, the payment of costs for both parties in libel actions in certain circumstances. The majority of the U.K. press, including News UK, has established an alternative regulator, the Independent Press Standards Organisation, or IPSO. IPSO, which has indicated that it does not intend to seek approval by the Press Recognition Panel, has powers to impose burdens on its print media members in the U.K. These powers, which include the ability to impose fines of up to £1 million for systemic breaches of IPSO's Editor's Code of Practice, may result in competitive disadvantages versus other forms of media and may increase the costs of regulatory compliance.

The Company's radio stations in the U.K. and Ireland are also subject to governmental regulation by the relevant broadcast authorities as the Company is required to obtain and maintain licenses from such authorities to operate these stations. Although the Company expects its licenses will, where relevant, be renewed in the ordinary course upon their expiration, there can be no assurance that this will be the case. Non-compliance by the Company with the requirements associated with such licenses or other applicable laws and regulations, including of the relevant authority, could result in fines, additional license conditions, license revocation or other adverse regulatory actions.

Adverse Results from Litigation or Other Proceedings Could Impact the Company's Business Practices and Operating Results.

From time to time, the Company is party to litigation, as well as to regulatory and other proceedings with governmental authorities and administrative agencies, including with respect to antitrust, tax, data privacy and security, intellectual property, employment and other matters. See "Item 3. Legal Proceedings" and Note 16 to the Financial Statements for a discussion of certain matters. The outcome of these matters and other litigation and proceedings is subject to significant uncertainty, and it is possible that an adverse resolution of one or more such proceedings could result in reputational harm and/or significant monetary damages, injunctive relief or settlement costs that could adversely affect the Company's results of operations or financial condition as well as the Company's ability to conduct its business as it is presently being conducted. In addition, regardless of merit or outcome, such proceedings can have an adverse impact on the Company as a result of legal costs, diversion of management and other personnel, and other factors.

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The Company Could Be Subject to Significant Additional Tax Liabilities, which Could Adversely Affect its Operating Results and Financial Condition.

The Company is subject to taxation in U.S. federal, state and local jurisdictions and various non-U.S. jurisdictions, including Australia and the U.K. The Company's effective tax rate is impacted by the tax laws, regulations, practices and interpretations in the jurisdictions in which it operates and may fluctuate significantly from period to period depending on, among other things, the geographic mix of the Company's profits and losses, changes in tax laws and regulations or their application and interpretation, the outcome of tax audits and changes in valuation allowances associated with the Company's deferred tax assets. Evaluating and estimating the Company's tax provision, current and deferred tax assets and liabilities and other tax accruals requires significant management judgment, and there are often transactions for which the ultimate tax determination is uncertain.

The Company's tax returns are routinely audited by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns or positions taken by the Company, and as a result, tax-related settlements or litigation may occur, resulting in additional income tax liabilities against the Company. Although the Company believes it has appropriately accrued for the expected outcome of tax reviews and examinations and any related litigation, the final outcomes of these matters could differ materially from the amounts recorded in the Financial Statements. As a result, the Company may be required to recognize additional charges in its Statements of Operations and pay significant additional amounts with respect to current or prior periods, or its taxes in the future could increase, which could adversely affect its operating results and financial condition.

In connection with the Separation, 21st Century Fox received a private letter ruling from the Internal Revenue Service ("IRS") and an opinion from its tax counsel confirming the tax-free status of the Separation for U.S. federal income tax purposes. The private letter ruling and the opinion relied on certain facts and assumptions, and certain representations from the Company and 21st Century Fox regarding the past and future conduct of their respective businesses and other matters. Notwithstanding the receipt of the private letter ruling and the opinion, the IRS could determine on audit that the distribution or the related internal reorganization transactions should be treated as taxable transactions if any of these facts, assumptions, representations or undertakings is not correct or has been violated. If the internal reorganization and/or the distribution is ultimately determined to be taxable, 21st Century Fox and/or the Company would recognize gains on the internal reorganization and 21st Century Fox would recognize gain in an amount equal to the excess of the fair market value of shares of the Company's common stock distributed to 21st Century Fox's stockholders on the Distribution Date over 21st Century Fox's tax basis in such shares. The Company may in certain circumstances be required to indemnify 21st Century Fox for liabilities arising out of the foregoing. Specifically, under the terms of the Tax Sharing and Indemnification Agreement that the Company and 21st Century Fox entered into in connection with the Separation, in the event that the distribution or the internal transactions intended not to be subject to tax were determined to be subject to tax and such determination was the result of certain actions taken, or omitted to be taken, after the Separation by the Company or any of its subsidiaries and such actions (1) were inconsistent with any representation or covenant made in connection with the private letter ruling or opinion of 21st Century Fox's tax counsel, (2) violated any representation or covenant made in the Tax Sharing and Indemnification Agreement, or (3) the Company or any of its subsidiaries knew or reasonably should have expected, after consultation with its advisors, could result in any such determination, the Company will be responsible for any tax-related liabilities incurred by 21st Century Fox as a result of such determination.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. The Tax Act instituted significant changes to the U.S. corporate income tax system including, among other things, lowering the corporate tax rate, implementing a partial territorial tax system and, beginning in fiscal 2019, implementing changes to limits on the deductions for executive compensation, a tax on global intangible low-taxed income, the base erosion anti-abuse tax and a deduction for foreign-derived intangible income. While the Company's accounting for the effects of the Tax Act was completed in the second

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quarter of fiscal 2019 and the Company believes those effects have been appropriately recorded, various interpretive issues remain with respect to the Tax Act and regulatory guidance on many aspects of the Tax Act has not been issued. The Company continues to monitor, among other things, changes in interpretations of the Tax Act, any legislative action arising because of the Tax Act and any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. The Company cannot predict the manner in which provisions of the Tax Act or any related regulations, legislation or accounting standards may be interpreted or enforced in the future or whether such interpretation or enforcement may have a material adverse effect on its income tax expense and/or its business, results of operations and financial condition. See Note 19 to the Financial Statements for more information regarding the impact of the Tax Act.

On May 31, 2019, the Organization for Economic Cooperation and Development released a program of work to develop a consensus solution in relation to its Base Erosion and Profit Shifting Action 1, Addressing the Tax Challenges of the Digitalization of the Economy. The outcome of this program may change various aspects of the existing framework under which the Company's tax obligations are determined in countries in which it does business. In connection with the release of the program, several foreign jurisdictions introduced new digital services taxes on revenue of companies that provide certain digital services. There is limited guidance about the applicability of these new taxes to the Company's businesses and significant uncertainty as to what type of digital services will be deemed in scope. If these new taxes are applied to the Company's revenue in these foreign jurisdictions, which include the U.K., it could have an adverse impact on its business and financial performance.

Theft of the Company's Content, including Digital Piracy and Signal Theft, may Decrease Revenue and Adversely Affect the Company's Business and Profitability.

The Company's success depends in part on its ability to maintain and monetize the intellectual property rights in its content, and theft of its brands, programming, digital content, books and other copyrighted material affects the value of its content. Developments in technology, including the wide availability of higher internet bandwidth and reduced storage costs, increase the threat of content piracy by making it easier to stream, duplicate and widely distribute pirated material, including from other less-regulated countries into the Company's primary markets. The Company seeks to limit the threat of content piracy by preventing unauthorized access to its content through the use of programming content encryption, signal encryption and other security access devices and digital rights management software, as well as by obtaining site blocking orders against pirate streaming and torrent sites and a variety of other actions, both individually and, in some instances, together with industry associations. However, these efforts are not always successful, and the Company cannot ensure that it will be able to reduce or control theft of its content. The proliferation of unauthorized use of the Company's content may have an adverse effect on its business and profitability by reducing the revenue that the Company could receive from the legitimate sale and distribution of its content. Moreover, protection of the Company's intellectual property rights is dependent on the scope and duration of its rights as defined by applicable laws in the U.S. and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of the Company's rights, or if existing laws are changed, the Company's ability to generate revenue from its intellectual property may decrease, or the cost of obtaining and maintaining rights may increase. In addition, the failure of legal and technological protections to evolve as piracy and associated technological tools become more sophisticated, could make it more difficult for the Company to adequately protect its intellectual property, which could, in turn, negatively impact its value and further increase the Company's enforcement costs.

The Company's Pay-TV Business Depends on a Single or Limited Number of Suppliers for Certain Key Products or Services, and Any Reduction or Interruption in the Supply of These Products and Services or a Significant Increase in Price Could Have an Adverse Effect on the Company's Business, Results of Operations and Financial Condition.

The Company's pay-TV business depends on a single or limited number of third party suppliers to supply certain key products and services necessary to provide its pay-TV services. In particular, the Company depends on Optus

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to provide all of its satellite transponder capacity, and ARRIS and Technicolor are the Company's sole suppliers of satellite set-top boxes and the Foxtel Now box, respectively. If any of these suppliers breaches or terminates their agreements with the Company or otherwise fails to perform their obligations in a timely manner, experiences operating or financial difficulties, is unable to meet demand due to component shortages, insufficient capacity or otherwise, significantly increases the amount the Company pays for necessary products or services or ceases production of any necessary product, the Company's business, results of operations and financial condition may be adversely affected.

In addition, Telstra is the primary supplier of cable distribution capacity for the Company's pay-TV programming and is also currently the exclusive provider of wholesale fixed voice and broadband services for the Company's pay-TV business, as well as its primary supplier of wholesale mobile voice and broadband services and the largest reseller of its cable and satellite products. Any disruption in the supply of those services or a decline in Telstra's business could result in disruptions to the supply of, and/or reduce the number of subscribers for, the Company's products and services, which could, in turn, adversely affect its business, results of operations and financial condition.

While the Company will seek alternative sources for the products and services described above where possible and/or permissible under applicable agreements, it may not be able to develop these alternative sources quickly and cost-effectively, which could impair its ability to timely deliver its products and services to its subscribers or operate its business.

The Company's International Operations Expose it to Additional Risks that Could Adversely Affect its Business, Operating Results and Financial Condition.

In its fiscal year ended June 30, 2019, approximately 61% of the Company's revenues were derived outside the U.S., and the Company is focused on expanding the international scope of its operations. There are risks inherent in doing business internationally, including (1) issues related to managing international operations; (2) economic uncertainties and volatility in local markets and political or social instability; (3) potentially adverse changes in tax laws and regulations; (4) compliance with international laws and regulations, including foreign ownership restrictions and data privacy requirements such as the GDPR; (5) compliance with anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the UK Bribery Act; (6) restrictions on repatriation of funds and foreign currency exchange; and (7) compliance with local labor laws and regulations. For example, Brexit has and may continue to, among other things, adversely affect economic and market conditions in the U.K. and the European Union and create uncertainty around doing business in the U.K., including with respect to data protection and transfer, tax rates and the recruitment and retention of employees. Events or developments related to these and other risks associated with the Company's international operations could result in reputational harm and have an adverse impact on the Company's business, results of operations, financial condition and prospects. Challenges associated with operating globally may increase as the Company continues to expand into geographic areas that it believes represent the highest growth opportunities.

The Company is Party to Agreements with Third Parties Relating to Certain of its Businesses That Contain Operational and Management Restrictions and/or Other Rights That, Depending on the Circumstances, May Not be in the Best Interest of the Company.

The Company is party to agreements with third parties relating to certain of its businesses that restrict the Company's ability to take specified actions and contain other rights that, depending on the circumstances, may not be in the best interest of the Company. For example, the Company and Telstra are parties to a Shareholders' Agreement with respect to Foxtel containing certain minority protections for Telstra, including standard governance provisions, as well as transfer and exit rights. The Shareholders' Agreement provides Telstra with the right to appoint two directors to the Board of Foxtel, as well as Board and shareholder-level veto rights over certain non-ordinary course and/or material corporate actions that may prevent Foxtel from taking actions that are in the interests of the Company. The Shareholders' Agreement also provides for (1) certain transfer

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restrictions, which could adversely affect the Company's ability to effect such transfers and/or the prices at which those transfers may occur, and (2) exit arrangements, which could, in certain circumstances, force the Company to sell its interest, subject to rights of first and, in some cases, last refusals.

In addition, Move, the Company's digital real estate services business in the U.S., operates the realtor.com® website under an agreement with NAR that is perpetual in duration. However, NAR may terminate the operating agreement for certain contractually-specified reasons upon expiration of applicable cure periods. If the operating agreement with NAR is terminated, the NAR License would also terminate, and Move would be required to transfer a copy of the software that operates the realtor.com® website to NAR and provide NAR with copies of its agreements with advertisers and data content providers. NAR would then be able to operate a realtor.com® website, either by itself or with another third party.

Failure by the Company to Protect Certain Intellectual Property and Brands, or Infringement Claims by Third Parties, Could Adversely Impact the Company's Business, Results of Operation and Financial Condition.

The Company's businesses rely on a combination of trademarks, trade names, copyrights, patents, domain names, trade secrets and other proprietary rights, as well as licenses and other contractual arrangements, including licenses relating to sports programming rights, set-top box technology and related systems, the NAR License and the Fox Licenses, to establish, obtain and protect the intellectual property and brand names used in their businesses. The Company believes its proprietary trademarks, trade names, copyrights, patents, domain names, trade secrets and other intellectual property rights are important to its continued success and its competitive position. However, the Company cannot ensure that these intellectual property rights or those of its licensors and suppliers will be upheld if challenged or that these rights will protect the Company against infringement claims by third parties, and effective intellectual property protection may not be available in every country or region in which the Company operates or where its products are available. Any failure by the Company or its licensors and suppliers to effectively protect its or their intellectual property or brands, or any infringement claims by third parties, could adversely impact the Company's business, results of operations or financial condition. Claims of intellectual property infringement could require the Company to enter into royalty or licensing agreements on unfavorable terms (if such agreements are available at all), require the Company to spend substantial sums to defend against or settle such claims or to satisfy any judgment rendered against it, or cease any further use of the applicable intellectual property, which could in turn require the Company to change its business practices or offerings and limit its ability to compete effectively. Even if the Company believes any such challenges or claims are without merit, they can be time-consuming and costly to defend and divert management's attention and resources away from its business. In addition, the Company may be contractually required to indemnify other parties against liabilities arising out of any third party infringement claims.

Newsprint Prices May Continue to Be Volatile and Difficult to Predict and Control, and any Increase in Newsprint Costs or Disruption in Newsprint Supply may Adversely Affect the Company's Business, Results of Operations and Financial Condition.

Newsprint is a significant expense for the Company's newspaper publishing units. The price of newsprint has historically been volatile, and a number of factors may cause prices to increase, including: (1) the closure and consolidation of newsprint mills or the conversion of newsprint mills to other products or grades of paper, which has reduced the number of newsprint suppliers over the years; (2) the imposition of tariffs or other restrictions on non-U.S. suppliers of paper; (3) an increase in supplier operating expenses due to rising raw material or energy costs or other factors; (4) failure to maintain the Company's current consumption levels; and (5) the inability to maintain the Company's existing relationships with its newsprint suppliers. Any increase in the cost of newsprint, undersupply or supply chain disruption could have an adverse effect on the Company's business, results of operations and financial condition.

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Damage, Failure or Destruction of Satellites and Transmitter Facilities that the Company's Pay-TV Business Depends Upon to Distribute its Programming Could Adversely Affect the Company's Business, Results of Operations and Financial Condition.

The Company's pay-TV business uses satellite systems to transmit its programming to its subscribers and/or authorized sublicensees. The Company's distribution facilities include uplinks, communications satellites and downlinks, and the Company also uses studio and transmitter facilities. Transmissions may be disrupted or degraded as a result of local disasters, including extreme weather, that damage or destroy on-ground uplinks or downlinks or studio and transmitter facilities, or as a result of damage to a satellite. Satellites are subject to significant operational and environmental risks while in orbit, including anomalies resulting from various factors such as manufacturing defects and problems with power or control systems, as well as environmental hazards such as meteoroid events, electrostatic storms and collisions with space debris. These events may result in the loss of one or more transponders on a satellite or the entire satellite and/or reduce the useful life of the satellite, which could, in turn, lead to a disruption or loss of video services to the Company's customers. The Company does not carry commercial insurance for business disruptions or losses resulting from the foregoing events as it believes the cost of insurance premiums is uneconomical relative to the risk. Instead, the Company seeks to mitigate this risk through the maintenance of backup satellite capacity and other contingency plans. However, these steps may not be sufficient, and if the Company is unable to secure alternate distribution, studio and/or transmission facilities in a timely manner, any such disruption or loss could have an adverse effect on the Company's business, results of operations and financial condition.

The Company is Subject to Payment Processing Risk Which Could Lead to Adverse Effects on the Company's Business and Results of Operations.

The Company's customers pay for its products and services using a variety of different payment methods, including credit and debit cards, prepaid cards, direct debit, online wallets and through direct carrier and partner billing. The Company relies on internal systems as well as those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, delays in receiving payments from payment processors, any failures to comply with, or changes to, rules or regulations concerning payment processing, loss of payment or billing partners and/or disruptions or failures in, or fraudulent use of or access to, payment processing systems or payment products, the Company's results of operations could be adversely impacted and it could suffer reputational harm. Furthermore, if the Company is unable to maintain its chargeback rate at acceptable levels, card networks may impose fines and its card approval rate may be impacted. The termination of the Company's ability to process payments on any major payment method would adversely affect its business and results of operations.

Labor Disputes May Have an Adverse Effect on the Company's Business.

In a variety of the Company's businesses, it engages the services of employees who are subject to collective bargaining agreements. If the Company is unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, as well as higher costs in connection with these collective bargaining agreements or a significant labor dispute, could have an adverse effect on the Company's business by causing delays in production or by reducing profit margins.

The Market Price of the Company's Stock May Fluctuate Significantly.

The Company cannot predict the prices at which its common stock may trade. The market price of the Company's common stock may fluctuate significantly, depending upon many factors, some of which may be beyond its control, including: (1) the Company's quarterly or annual earnings, or those of other companies in its industry; (2) actual or anticipated fluctuations in the Company's operating results; (3) success or failure of the Company's business strategy; (4) the Company's ability to obtain financing as needed; (5) changes in accounting

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standards, policies, guidance, interpretations or principles; (6) changes in laws and regulations affecting the Company's business; (7) announcements by the Company or its competitors of significant new business developments or customers; (8) announcements by the Company or its competitors of significant acquisitions or dispositions; (9) changes in earnings estimates by securities analysts or the Company's ability to meet its earnings guidance, if any; (10) the operating and stock price performance of other comparable companies; (11) investor perception of the Company and the industries in which it operates; (12) results from material litigation or governmental investigations; (13) changes in capital gains taxes and taxes on dividends affecting stockholders; and (14) overall market fluctuations and general economic conditions.

Certain of the Company's Directors and Officers May Have Actual or Potential Conflicts of Interest Because of Their Equity Ownership in Fox Corporation ("FOX"), and/or Because They Also Serve as Officers and/or on the Board of Directors of FOX, Which May Result in the Diversion of Certain Corporate Opportunities to FOX.

Certain of the Company's directors and executive officers own shares of FOX's common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. In addition, certain of the Company's officers and directors also serve as officers and/or as directors of FOX, including K. Rupert Murdoch, who serves as the Company's Executive Chairman and Co-Chairman of FOX, and Lachlan K. Murdoch, who serves as the Company's Co-Chairman and Chairman and Chief Executive Officer of FOX. This ownership or service to both companies may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for the Company and FOX. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between the Company and FOX regarding the terms of the agreements governing the indemnification of certain matters. In addition to any other arrangements that the Company and FOX may agree to implement, the Company and FOX agreed that officers and directors who serve at both companies will recuse themselves from decisions where conflicts arise due to their positions at both companies.

The Company's Amended and Restated By-laws acknowledge that the Company's directors and officers, as well as certain of its stockholders, including K. Rupert Murdoch, certain members of his family and certain family trusts (so long as such persons continue to own, in the aggregate, 10% or more of the voting stock of each of the Company and FOX), each of which is referred to as a covered stockholder, are or may become stockholders, directors, officers, employees or agents of FOX and certain of its affiliates. The Company's Amended and Restated By-laws further provide that any such overlapping person will not be liable to the Company, or to any of its stockholders, for breach of any fiduciary duty that would otherwise exist because such individual directs a corporate opportunity (other than certain types of restricted business opportunities set forth in the Company's Amended and Restated By-laws) to FOX instead of the Company. This could result in an overlapping person submitting any corporate opportunities other than restricted business opportunities to FOX instead of the Company.

Certain Provisions of the Company's Restated Certificate of Incorporation, Amended and Restated By-laws and Delaware Law, the Company's Third Amended and Restated Stockholder Rights Agreement and the Ownership of the Company's Common Stock by the Murdoch Family Trust May Discourage Takeovers, and the Concentration of Ownership Will Affect the Voting Results of Matters Submitted for Stockholder Approval.

The Company's Restated Certificate of Incorporation and Amended and Restated By-laws contain certain anti-takeover provisions that may make more difficult or expensive a tender offer, change in control, or takeover attempt that is opposed by the Company's Board of Directors or certain stockholders holding a significant percentage of the voting power of the Company's outstanding voting stock. In particular, the Company's Restated Certificate of Incorporation and Amended and Restated By-laws provide for, among other things:

- a dual class common equity capital structure;
- a prohibition on stockholders taking any action by written consent without a meeting;

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- special stockholders' meeting to be called only by the Chief Executive Officer, the Board of Directors, or the holders of not less than 20% of the voting power of the Company's outstanding voting stock;
- the requirement that stockholders give the Company advance notice to nominate candidates for election to the Board of Directors or to make stockholder proposals at a stockholders' meeting;
- the requirement of an affirmative vote of at least 65% of the voting power of the Company's outstanding voting stock to amend or repeal its by-laws;
- vacancies on the Board of Directors to be filled only by a majority vote of directors then in office;
- certain restrictions on the transfer of the Company's shares; and
- the Board of Directors to issue, without stockholder approval, Preferred Stock and Series Common Stock with such terms as the Board of Directors may determine.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control of the Company, even in the case where a majority of the stockholders may consider such proposals, if effective, desirable.

In addition, in connection with the Separation, the Company's Board of Directors adopted a stockholder rights agreement, which it extended in June 2014, June 2015 and again in June 2018. Pursuant to the third amended and restated stockholder rights agreement, each outstanding share of the Company's common stock has attached to it a right entitling its holder to purchase from the Company additional shares of its Class A Common Stock and Class B Common Stock in the event that a person or group acquires beneficial ownership of 15% or more of the then-outstanding Class B Common Stock without approval of the Company's Board of Directors, subject to exceptions for persons beneficially owning 15% or more of the Company's Class B Common Stock immediately following the Separation. The stockholder rights agreement could make it more difficult for a third-party to acquire the Company's voting common stock without the approval of its Board of Directors. The rights expire on June 18, 2021, except as otherwise provided in the rights agreement. Further, as a result of his ability to appoint certain members of the board of directors of the corporate trustee of the Murdoch Family Trust, which beneficially owns less than one percent of the Company's outstanding Class A Common Stock and approximately 38.4% of the Company's Class B Common Stock as of August 5, 2019, K. Rupert Murdoch may be deemed to be a beneficial owner of the shares beneficially owned by the Murdoch Family Trust. K. Rupert Murdoch, however, disclaims any beneficial ownership of these shares. Also, K. Rupert Murdoch beneficially owns or may be deemed to beneficially own an additional one percent of the Company's Class B Common Stock and less than one percent of the Company's Class A Common Stock as of August 5, 2019. Thus, K. Rupert Murdoch may be deemed to beneficially own in the aggregate less than one percent of the Company's Class A Common Stock and approximately 39.4% of the Company's Class B Common Stock as of August 5, 2019. This concentration of voting power could discourage third parties from making proposals involving an acquisition of the Company. Additionally, the ownership concentration of Class B Common Stock by the Murdoch Family Trust increases the likelihood that proposals submitted for stockholder approval that are supported by the Murdoch Family Trust will be adopted and proposals that the Murdoch Family Trust does not support will not be adopted, whether or not such proposals to stockholders are also supported by the other holders of Class B Common Stock. Furthermore, the adoption of the third amended and restated stockholder rights agreement will prevent, unless the Company's Board of Directors otherwise determines at the time, other potential stockholders from acquiring a similar ownership position in the Company's Class B Common Stock and, accordingly, could prevent a meaningful challenge to the Murdoch Family Trust's influence over matters submitted for stockholder approval.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The Company owns and leases various real properties in the U.S., Europe, Australia and Asia that are utilized in the conduct of its businesses. Each of these properties is considered to be in good condition, adequate for its purpose and suitably utilized according to the individual nature and requirements of the relevant operations. The Company's policy is to improve and replace property as considered appropriate to meet the needs of the individual operation.

United States

The Company's principal real properties in the U.S. are the following:

- (a) The U.S. headquarters of the Company, located at 1211 Avenue of the Americas, New York, New York and the offices of the Company located at 1185 Avenue of the Americas, New York, New York, each of which are subleased from FOX. These spaces include the executive and corporate offices of the Company, the executive and editorial offices of Dow Jones, the editorial offices of the *Post* and the executive offices of NAM;
- (b) The leased offices of HarperCollins U.S. in New York, New York;
- (c) The leased offices of HarperCollins U.S. in Scranton, Pennsylvania;
- (d) The leased printing plant of the *Post* located in Bronx, New York;
- (e) The leased offices of Move in Santa Clara, California;
- (f) The leased offices of NAM in Wilton, Connecticut;
- (g) The office space campus owned by the Company in South Brunswick, New Jersey; and
- (h) The leased offices of Opcity in Austin, Texas.

Europe

The Company's principal real properties in Europe are the following:

- (a) The leased headquarters and editorial offices of the London operations of News UK, Dow Jones and HarperCollins at The News Building, 1 London Bridge Street, London, England;
- (b) The newspaper production and printing facilities for its U.K. newspapers, which consist of:
 - 1. The leased office space at each of Fleet House, Peterborough, England; Dublin, Ireland; and Glasgow City Centre, Scotland; and
 - 2. The freehold interests in each of a publishing and printing facility in Broxbourne, England and printing facilities in Knowsley, England and North Lanarkshire, Scotland; and
- (c) The leased warehouse and office facilities of HarperCollins Publishers Limited in Glasgow, Scotland.

Australia and Asia

The Company's principal real properties in Australia and Asia are the following:

- (a) The Australian newspaper production and printing facilities which consist of:
 - 1. The Company-owned print center and office building in Sydney, Australia at which *The Australian*, *The Daily Telegraph* and *The Sunday Telegraph* are printed and published, respectively;
 - 2. The leased print center and office facility in Melbourne, Australia at which *Herald Sun* and *Sunday Herald Sun* are printed and published, respectively;

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3. The Company-owned print center and office building in Adelaide, Australia at which *The Advertiser* and *Sunday Mail* are printed and published, respectively; and
 4. The Company-owned print center and office building in Brisbane, Australia at which *The Courier Mail* and *The Sunday Mail* are printed and published, respectively;
- (b) The leased headquarters of Foxtel in Sydney, Australia;
- (c) The leased corporate offices and call center of Foxtel in Melbourne, Australia;
- (d) The leased offices and studios of FOX SPORTS Australia in Sydney, Australia;
- (e) The leased corporate offices of REA Group in Melbourne, Australia; and
- (f) The leased office space of Dow Jones in Hong Kong.

ITEM 3. LEGAL PROCEEDINGS

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below.

News America Marketing

Insignia Systems, Inc.

On July 11, 2019, Insignia Systems, Inc. (“Insignia”) filed a complaint in the U.S. District Court for the District of Minnesota against News America Marketing FSI L.L.C. (“NAM FSI”), News America Marketing In-Store Services L.L.C. (“NAM In-Store”) and News Corporation (together, the “NAM Parties”) alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys’ fees and costs. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Parties believe they have been compliant with applicable laws and intend to defend themselves vigorously.

Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (“Valassis”) filed a complaint in the U.S. District Court for the Eastern District of Michigan (the “District Court”) against News America Incorporated, NAM FSI, NAM In-Store and News Corporation (together, the “NAM Group”) alleging violations of federal and state antitrust laws and common law business torts. The complaint sought treble damages, injunctive relief and attorneys’ fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the complaint, and on March 30, 2016, the District Court ordered that Valassis’s bundling and tying claims be dismissed and that all remaining claims in the NAM Group’s motion to dismiss be referred to a panel of antitrust experts (the “Antitrust Expert Panel”) appointed in connection with a prior action brought by Valassis against certain members of the NAM Group. The Antitrust Expert Panel was convened and, on February 8, 2017, recommended that the NAM Group’s counterclaims in the action be dismissed with leave to replead three of the four counterclaims. The NAM Group filed an amended counterclaim on February 27, 2017. Valassis subsequently filed motions with the District Court seeking either to re-open the case in the District Court or to transfer the case to the U.S. District Court for the Southern District of New York (the “N.Y. District Court”). On September 25, 2017, the District Court granted Valassis’s motions and transferred the case to the N.Y. District Court. On April 13, 2018, the NAM Group filed a motion for summary judgment dismissing the case with the N.Y. District Court, and on February 21, 2019, the N.Y. District Court granted the NAM Group’s motion in part and denied it in part. The N.Y. District Court found that the NAM Group’s bidding practices were lawful but denied the NAM Group’s motion with respect to claims arising out of certain other alleged contracting practices. Valassis also ceased to pursue its claims relating to free-standing insert products, and those claims were dismissed. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

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U.K. Newspaper Matters

Civil claims have been brought against the Company with respect to, among other things, voicemail interception and inappropriate payments to public officials at the Company's former publication, *The News of the World*, and at *The Sun*, and related matters (the "U.K. Newspaper Matters"). The Company has admitted liability in many civil cases and has settled a number of cases. The Company also settled a number of claims through a private compensation scheme which was closed to new claims after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox would indemnify the Company for payments made after the Distribution Date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the previously concluded criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters are settled on an after-tax basis. In March 2019, as part of the separation of FOX from 21st Century Fox, the Company, News Corp Holdings UK & Ireland, 21st Century Fox and FOX entered into a Partial Assignment and Assumption Agreement, pursuant to which, among other things, 21st Century Fox assigned, conveyed and transferred to FOX all of its indemnification obligations with respect to the U.K. Newspaper Matters.

The net expense (benefit) related to the U.K. Newspaper Matters in Selling, general and administrative was \$10 million, \$(35) million and \$10 million for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017, respectively. As of June 30, 2019, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately \$53 million. The amount to be indemnified by FOX of approximately \$49 million was recorded as a receivable in Other current assets on the Balance Sheet as of June 30, 2019. The net benefit for the fiscal year ended June 30, 2018 reflects a \$46 million impact from the reversal of a portion of the Company's previously accrued liability and the corresponding receivable as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes. It is not possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

The Company is not able to predict the ultimate outcome or cost of the civil claims. It is possible that these proceedings and any adverse resolution thereof could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

News Corporation's Class A Common Stock and Class B Common Stock are listed and traded on The Nasdaq Global Select Market ("Nasdaq"), its principal market, under the symbols "NWSA" and "NWS," respectively. CHESS Depositary Interests ("CDIs") representing the Company's Class A Common Stock and Class B Common Stock are listed and traded on the Australian Securities Exchange ("ASX") under the symbols "NWSLV" and "NWS," respectively. As of August 5, 2019, there were approximately 19,000 holders of record of shares of Class A Common Stock and 500 holders of record of shares of Class B Common Stock.

Dividends

For information regarding dividends, see Item 6. "Selected Financial Data" and Note 12—Stockholders' Equity in the accompanying Consolidated Financial Statements.

Issuer Purchases of Equity Securities

In May 2013, the Company's Board of Directors (the "Board of Directors") authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. No stock repurchases were made during fiscal 2019, fiscal 2018 and fiscal 2017. Through August 5, 2019, the Company cumulatively repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately \$71 million. The remaining authorized amount under the stock repurchase program as of August 5, 2019 was approximately \$429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

The Company did not purchase any of its Class B Common Stock during the fiscal years ended June 30, 2019, 2018 and 2017.

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ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data should be read in conjunction with “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8—Financial Statements and Supplementary Data” and the other financial information included elsewhere herein.

	For the fiscal years ended June 30,				
	2019(c)	2018(c)	2017(c)	2016	2015
	(in millions except per share information)				
STATEMENT OF OPERATIONS DATA:					
Revenues(a)	\$ 10,074	\$ 9,024	\$ 8,139	\$ 8,292	\$ 8,524
Income (loss) from continuing operations attributable to News Corporation stockholders(b)	155	(1,514)	(738)	164	298
Net income (loss) attributable to News Corporation stockholders	155	(1,514)	(738)	179	(147)
Income (loss) from continuing operations available to News Corporation stockholders—basic	0.27	(2.60)	(1.27)	0.28	0.51
Income (loss) from continuing operations available to News Corporation stockholders—diluted	0.26	(2.60)	(1.27)	0.28	0.51
Net income (loss) available to News Corporation stockholders per share—basic	0.27	(2.60)	(1.27)	0.30	(0.26)
Net income (loss) available to News Corporation stockholders per share—diluted	0.26	(2.60)	(1.27)	0.30	(0.26)
Cash dividends per share of Class A and Class B Common Stock	0.20	0.20	0.20	0.20	—

	As of June 30,				
	2019(c)	2018(c)	2017(c)	2016	2015
	(in millions)				
BALANCE SHEET DATA:					
Cash and cash equivalents	\$ 1,643	\$ 2,034	\$ 2,016	\$ 1,832	\$ 1,951
Total assets(a)	15,711	16,346	14,552	15,483	15,035
Total borrowings(a)	1,453	1,952	379	372	—
Redeemable preferred stock	—	20	20	20	20

- (a) During the fiscal year ended June 30, 2018, News Corp and Telstra Corporation Limited (“Telstra”) combined their respective 50% interests in the Foxtel Group and News Corp’s 100% interest in FOX SPORTS Australia into a new company, NXE Australia Pty Limited (“the Transaction”), which the Company refers to as “Foxtel” for post-Transaction periods. For periods prior to the completion of the Transaction, the Company continues to refer to its equity investment in the Foxtel Group as Foxtel. Following the completion of the Transaction in April 2018, News Corp owns a 65% interest in Foxtel, and Telstra owns the remaining 35%. Consequently, the Company began consolidating the Foxtel Group in the fourth quarter of fiscal 2018. As a result of the Transaction, Foxtel’s outstanding debt of approximately \$1.2 billion and \$1.6 billion is included in the Balance Sheets as of June 30, 2019 and June 30, 2018, respectively. See Note 4—Acquisitions, Disposals and Other Transactions and Note 9—Borrowings in the accompanying Consolidated Financial Statements.
- (b) During the fiscal year ended June 30, 2019, the Company recognized non-cash impairment charges of \$96 million primarily related to the impairment of goodwill at a reporting unit within the News and Information Services segment. See Note 8—Goodwill and Other Intangible Assets in the accompanying Consolidated Financial Statements.

During the fiscal year ended June 30, 2018, the Company recognized a \$957 million non-cash write-down of the carrying value of its investment in Foxtel. See Note 6—Investments in the accompanying Consolidated Financial Statements. Additionally, during the fiscal year ended June 30, 2018, the Company

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recognized non-cash impairment charges of \$280 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit. See Note 8—Goodwill and Other Intangible Assets in the accompanying Consolidated Financial Statements. As a result of the Transaction, the Company recognized a \$337 million loss in Other, net, primarily related to the Company's settlement of its pre-existing contractual arrangement between Foxtel and FOX SPORTS Australia which resulted in a \$317 million write-off of its channel distribution agreement intangible asset at the time of the Transaction. See Note 4—Acquisitions, Disposals and Other Transactions in the accompanying Consolidated Financial Statements.

During the fiscal year ended June 30, 2017, the Company recorded non-cash impairment charges of approximately \$785 million, of which approximately \$360 million related to the News and Information Services business in the U.K. and approximately \$310 million related to the News and Information Services business in Australia. See Note 7—Property, Plant and Equipment in the accompanying Consolidated Financial Statements. Additionally, during the fiscal year ended June 30, 2017, the Company recognized a \$227 million non-cash write-down of the carrying value of its investment in Foxtel. The write-down is reflected in Equity (losses) earnings of affiliates in the Statement of Operations for the fiscal year ended June 30, 2017. See Note 6—Investments in the accompanying Consolidated Financial Statements.

During the fiscal year ended June 30, 2016, the Company recognized \$158 million (\$98 million, net of tax) in net settlement costs associated with the NAM Group and Zillow legal settlements. The Company recognized one-time costs of approximately \$280 million in connection with the settlement of certain litigation and related claims at News America Marketing during the three months ended March 31, 2016. In addition, the Company recognized a gain of \$122 million in connection with the settlement of litigation with Zillow, Inc., which reflects settlement proceeds received from Zillow of \$130 million, less \$8 million paid to the National Association of Realtors® during the three months ended June 30, 2016.

- (c) See Notes 4, 5, 6, 7, 8, 9 and 16 in the accompanying Consolidated Financial Statements for information with respect to significant acquisitions, disposals, impairment charges, restructuring charges, borrowings, contingencies and other transactions during fiscal 2019, 2018 and 2017.

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ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. The words “expect,” “estimate,” “anticipate,” “predict,” “believe” and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this discussion and analysis and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company’s financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading “Risk Factors” in Item 1A of this Annual Report on Form 10-K (the “Annual Report”). The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the Securities and Exchange Commission (the “SEC”). This section should be read together with the Consolidated Financial Statements of News Corporation and related notes set forth elsewhere in this Annual Report.

The following discussion and analysis omits discussion of fiscal 2017. Please see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for a discussion on fiscal 2017.

INTRODUCTION

News Corporation (together with its subsidiaries, “News Corporation,” “News Corp,” the “Company,” “we,” or “us”) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, subscription video services in Australia, book publishing and digital real estate services.

In April 2018, News Corp and Telstra combined their respective 50% interests in the Foxtel Group and News Corp’s 100% interest in FOX SPORTS Australia into a new company, NXE Australia Pty Ltd. (the “Transaction”), which the Company refers to herein as “Foxtel” for post-Transaction periods. Following the completion of the Transaction, News Corp owns a 65% interest in the combined business, with Telstra owning the remaining 35%. Consequently, the Company began consolidating the Foxtel Group in the fourth quarter of fiscal 2018. (See Note 4—Acquisitions, Disposals and Other Transactions in the accompanying Consolidated Financial Statements). For periods prior to the completion of the Transaction, the Company continues to refer to its equity investment in the Foxtel Group as Foxtel. The results of the combined business are reported within the Subscription Video Services segment. To enhance the comparability of the financial information provided to users, the Company has supplementally included pro forma financial information for the fiscal year ended June 30, 2018 reflecting the Transaction within its discussion and analysis below.

The consolidated financial statements are referred to herein as the “Consolidated Financial Statements.” The consolidated statements of operations are referred to herein as the “Statements of Operations.” The consolidated balance sheets are referred to herein as the “Balance Sheets.” The consolidated statements of cash flows are referred to herein as the “Statements of Cash Flows.” The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

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Management's discussion and analysis of financial condition and results of operations is intended to help provide an understanding of the Company's financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- **Overview of the Company's Business**—This section provides a general description of the Company's businesses, as well as developments that occurred during the two fiscal years ended June 30, 2019 and through the date of this filing that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- **Results of Operations**—This section provides an analysis of the Company's results of operations for the two fiscal years ended June 30, 2019. This analysis is presented on both a consolidated basis and a segment basis. Supplemental revenue information is also included for reporting units within certain segments and is presented on a gross basis, before eliminations in consolidation. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed. To enhance the comparability of the financial information provided to users, the Company has supplementally included pro forma financial information for fiscal 2018 within its discussion and analysis below reflecting the Transaction. The Company maintains a 52-53 week fiscal year ending on the Sunday closest to June 30 in each year. Fiscal 2019 and 2018 each included 52 weeks.
- **Liquidity and Capital Resources**—This section provides an analysis of the Company's cash flows for the two fiscal years ended June 30, 2019, as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed as of June 30, 2019.
- **Critical Accounting Policies**—This section discusses accounting policies considered important to the Company's financial condition and results of operations, and which require significant judgment and estimates on the part of management in application. In addition, Note 2 to the Consolidated Financial Statements summarizes the Company's significant accounting policies, including the critical accounting policies discussed in this section.

OVERVIEW OF THE COMPANY'S BUSINESSES

The Company manages and reports its businesses in the following five segments:

- **News and Information Services**—The News and Information Services segment includes the Company's global print, digital and broadcast radio media platforms. These product offerings include the global print and digital versions of *The Wall Street Journal* and Barron's Group, which includes *Barron's* and MarketWatch, the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance, and Dow Jones Newswires, and its live journalism events. The Company also owns, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun*, *The Courier Mail* and *The Advertiser* in Australia, *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes News America Marketing, a leading provider of in-store marketing products and services, home-delivered shopper media, and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a global video advertising marketplace, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency.
- **Subscription Video Services**—The Company's Subscription Video Services segment provides video sports, entertainment and news services to pay-TV subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and consists of (i) the Company's 65% interest in Foxtel (with the remaining 35% interest in Foxtel held by Telstra, an Australian Securities Exchange ("ASX")-listed telecommunications company) and (ii) Australian News Channel ("ANC"). Foxtel is the largest pay-TV provider in Australia, with nearly 200 channels covering sports, general entertainment, movies, documentaries, music, children's programming and news. Foxtel offers the leading sports programming content in Australia, with broadcast rights to live sporting events

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including: National Rugby League, Australian Football League, Cricket Australia, the domestic football league, the Australian Rugby Union and various motorsports programming. Foxtel also operates Foxtel Now, an over-the-top, or OTT, service, and Kayo, a sports-only OTT service.

ANC operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites.

- **Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 17 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Chip and Joanna Gaines, Rick Warren, Sarah Young and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird*, *Jesus Calling* and *Hillbilly Elegy*.
- **Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company's 61.6% interest in REA Group and 80% interest in Move. The remaining 20% interest in Move is held by REA Group. REA Group is a market-leading digital media business specializing in property and is listed on the ASX (ASX: REA). REA Group advertises property and property-related services on its websites and mobile apps across Australia and Asia, including Australia's leading residential, commercial and share property websites, realestate.com.au, realcommercial.com.au, Flatmates.com.au and spacely.com.au, and property portals in Asia. In addition, REA Group provides property-related data to the financial sector and financial services through an end-to-end digital property search and financing experience and a mortgage broking offering.

Move is a leading provider of online real estate services in the U.S. and primarily operates realtor.com®, a premier real estate information and services marketplace. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM Plus and AdvantageSM Pro products as well as its Opicity performance and subscription-based services. Move also offers a number of professional software and services products, including Top Producer®, and ListHub™.
- **Other**—The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy Group and costs related to the U.K. Newspaper Matters. The Company's Strategy Group identifies new products and services across its businesses to increase revenues and profitability and targets and assesses potential acquisitions, investments and dispositions.

News and Information Services

Revenue at the News and Information Services segment is derived primarily from the sale of advertising, circulation and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising continue to affect revenues. Advertising revenues at the News and Information Services segment are also subject to seasonality, with revenues typically being highest in the Company's second fiscal quarter due to the end-of-year holiday season in its main operating geographies. Circulation and subscription revenues can be greatly affected by changes in the prices of the Company's and/or competitors' products, as well as by promotional activities.

Operating expenses include costs related to paper, production, distribution, third party printing, editorial, commissions and radio sports rights. Selling, general and administrative expenses include promotional expenses, salaries, employee benefits, rent and other routine overhead.

The News and Information Services segment's advertising volume and rates, circulation and the price of paper are the key variables whose fluctuations can have a material effect on the Company's operating results and cash

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flow. The Company has to anticipate the level of advertising volume and rates, circulation and paper prices in managing its businesses to maximize operating profit during expanding and contracting economic cycles. The Company continues to be exposed to risks associated with paper used for printing. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The Company's expenses are affected by the cyclical increases and decreases in the price of paper and other factors that may affect paper prices, including tariffs or other restrictions on non-U.S. paper suppliers. The News and Information Services segment's products compete for readership, audience and advertising with local and national competitors and also compete with other media alternatives in their respective markets. Competition for circulation and subscriptions is based on the content of the products provided, pricing and, from time to time, various promotions. The success of these products also depends upon advertisers' judgments as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of the products, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, distribution and quality of consumer demographics.

The Company's traditional print business faces challenges from alternative media formats and shifting consumer preferences. The Company is also exposed to the impact of long-term structural movements in advertising spending, in particular, the move in advertising from print to digital. These alternative media formats could impact the Company's overall performance, positively or negatively. In addition, technologies have been and will continue to be developed that allow users to block advertising on websites and mobile devices, which may impact advertising rates or revenues.

As a multi-platform news provider, the Company recognizes the importance of maximizing revenues from a variety of media formats and platforms, both in terms of paid-for content and in new advertising models, and continues to invest in its digital products. Smartphones, tablets and similar devices, their related apps and other technologies, provide continued opportunities for the Company to make its content available to a new audience of readers, introduce new or different pricing schemes and develop its products to continue to attract advertisers and/or affect the relationship between content providers and consumers. The Company continues to develop and implement strategies to exploit its content across a variety of media channels and platforms.

Subscription Video Services

The Company's Subscription Video Services segment consists of (i) its 65% interest in Foxtel and (ii) ANC. Foxtel is the largest pay-TV provider in Australia, delivering nearly 200 channels including the leading sports programming content in Australia. Foxtel generates revenue primarily through subscription revenue as well as advertising revenue.

Foxtel competes for audiences primarily with a variety of other video content providers, such as traditional Free-To-Air ("FTA") TV operators in Australia, including the three major commercial FTA networks and two major government-funded FTA broadcasters, and new content providers that deliver video programming over the internet. These providers include, Internet Protocol television, or IPTV, and subscription video-on-demand providers such as Fetch TV, Netflix, Stan and Amazon Prime Video; streaming services offered through digital media providers; as well as programmers and distributors that provide, or have indicated an intention to provide, content directly to consumers over the internet.

ANC operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service, and also owns and operates the Australia Channel IPTV service for international markets. Revenue is primarily derived from monthly affiliate fees received from pay-TV providers based on the number of subscribers and advertising.

The most significant operating expenses of the Subscription Video Services segment are the acquisition and production expenses related to programming, the expenses related to operating the technical facilities of the broadcast operations, expenses related to cable, satellite, internet and broadband transmission costs and studio

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and engineering expense. The expenses associated with licensing certain programming rights are recognized during the applicable season or event, which can cause results at the Subscription Video Services segment to fluctuate based on the timing and mix of Foxtel's local and international sports programming. Programming rights associated with a dedicated channel are amortized over 12 months. Other expenses include subscriber acquisition costs such as sales costs and marketing and promotional expenses related to improving the market visibility and awareness of the channels and their programming. Additional expenses include salaries, employee benefits, rent and other routine overhead expenses.

Book Publishing

The Book Publishing segment derives revenues from the sale of general fiction, nonfiction, children's and religious books in the U.S. and internationally. The revenues and operating results of the Book Publishing segment are significantly affected by the timing of releases and the number of its books in the marketplace. The book publishing marketplace is subject to increased periods of demand during the end-of-year holiday season in its main operating geographies. This marketplace is highly competitive and continues to change due to technological developments, including additional digital platforms and distribution channels and other factors. Each book is a separate and distinct product and its financial success depends upon many factors, including public acceptance.

Major new title releases represent a significant portion of the Book Publishing segment's sales throughout the fiscal year. Print-based consumer books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Book Publishing segment is subject to global trends and local economic conditions. Operating expenses for the Book Publishing segment include costs related to paper, printing, authors' royalties, editorial, promotional, art and design expenses. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead.

Digital Real Estate Services

The Digital Real Estate Services segment generates revenue through property and property-related advertising and services, including the sale of real estate listing and performance-based products to agents, brokers and developers, display advertising on its residential real estate and commercial property sites and residential property data services to the financial sector. The Digital Real Estate Services segment also generates revenue through licenses of certain professional software products on a subscription basis and fees and commissions from referrals generated through its end-to-end digital property search and financing offering and mortgage broking services. Significant expenses associated with these sites, services and software solutions include development costs, advertising and promotional expenses, hosting and support services, salaries, broker commissions, employee benefits and other routine overhead expenses.

Consumers are increasingly turning to the internet and mobile devices for real estate information and services. The Digital Real Estate Services segment's success depends on its continued innovation to provide products and services that are useful for consumers and real estate, mortgage and financial services professionals and attractive to its advertisers. The Digital Real Estate Services segment operates in a highly competitive digital environment with other real estate and property websites.

Other

The Other segment primarily consists of general corporate overhead expenses, the corporate Strategy Group and costs related to the U.K. Newspaper Matters. The Company's Strategy Group identifies new products and services across the Company's businesses to increase revenues and profitability and targets and assesses potential acquisitions, investments and dispositions.

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Other Business Developments

In June 2019, the Company announced that it is reviewing strategic options for News America Marketing, including a potential sale. There is no assurance regarding the timing of any action or transaction, nor that the strategic review will result in a transaction or other strategic change.

In October 2018, the Company acquired Opcity Inc. (“Opcity”), a market-leading real estate technology platform that matches qualified home buyers and sellers with real estate professionals in real time. The total transaction value was approximately \$210 million, consisting of approximately \$182 million in cash, net of \$7 million of cash acquired and approximately \$28 million in deferred payments and restricted stock unit awards for Opcity’s founders and qualifying employees, which is being recognized as compensation expense over the three years following the closing. Included in the cash amount was approximately \$20 million that is being held back for approximately 18 months after closing. The acquisition broadens realtor.com®’s lead generation product portfolio, allowing real estate professionals to choose between traditional lead products or a concierge-based model that provides highly vetted, transaction-ready leads. Opcity is a subsidiary of Move, and its results are included within the Digital Real Estate Services segment.

In addition to the acquisitions noted above, the Company used \$26 million of cash for additional acquisitions during fiscal 2019, primarily relating to Racing Internet Services (“Racenet”) and Medium Rare Content Agency (“Medium Rare”), an integrated content agency. Racenet and Medium Rare are subsidiaries of News Corp Australia and the results of each are included within the News and Information Services segment.

In June 2018, REA Group acquired Hometrack Australia Pty Ltd (“Hometrack Australia”) for approximately A\$130 million (approximately \$100 million) in cash, which was funded with a mix of cash on hand and debt of A\$70 million (approximately \$53 million). Hometrack Australia is a provider of property data services to the financial sector and it allows REA Group to deliver more property data and insights to its customers. Hometrack Australia is a subsidiary of REA Group, and its results are included within the Digital Real Estate Services segment.

In April 2018, News Corp and Telstra combined their respective 50% interests in the Foxtel Group and News Corp’s 100% interest in FOX SPORTS Australia into a new company. Following the completion of the Transaction, News Corp owns a 65% interest in the combined business, with Telstra owning the remaining 35%. The combination allows Foxtel and FOX SPORTS Australia to leverage their media platforms and content to improve services for consumers and advertisers. The results of Foxtel are reported within the Subscription Video Services segment, and Foxtel is considered a separate reporting unit for purposes of the Company’s annual goodwill impairment review.

In July 2017, REA Group acquired an 80.3% interest in Smartline Home Loans Pty Limited (“Smartline”) for approximately A\$70 million in cash (approximately \$55 million). The minority shareholders have the option to sell the remaining 19.7% interest to REA Group beginning three years after closing at a price dependent on the financial performance of Smartline. If the option is not exercised, the minority interest will become mandatorily redeemable four years after closing. As a result, REA Group recognized a liability of \$12 million in the three months ended September 30, 2017 for the present value of the amount expected to be paid for the remaining interest based on the formula specified in the acquisition agreement. Smartline is one of Australia’s premier mortgage broking franchise groups, and the acquisition provides REA Group’s financial services business with greater scale and capability. Smartline is a subsidiary of REA Group, and its results are included within the Digital Real Estate Services segment.

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Results of Operations—Fiscal 2019 versus Fiscal 2018 (as reported)

The following table sets forth the Company's operating results for fiscal 2019 as compared to fiscal 2018.

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change	% Change Better/(Worse)
Revenues:				
Circulation and subscription	\$ 4,104	\$ 3,021	\$1,083	36%
Advertising	2,738	2,856	(118)	(4)%
Consumer	1,679	1,664	15	1%
Real estate	908	858	50	6%
Other	645	625	20	3%
Total Revenues	10,074	9,024	1,050	12%
Operating expenses	(5,622)	(4,903)	(719)	(15)%
Selling, general and administrative	(3,208)	(3,050)	(158)	(5)%
Depreciation and amortization	(659)	(472)	(187)	(40)%
Impairment and restructuring charges	(188)	(351)	163	46%
Equity losses of affiliates	(17)	(1,006)	989	98%
Interest expense, net	(59)	(7)	(52)	**
Other, net	33	(324)	357	**
Income (loss) before income tax expense	354	(1,089)	1,443	**
Income tax expense	(126)	(355)	229	65%
Net income (loss)	228	(1,444)	1,672	**
Less: Net income attributable to noncontrolling interests	(73)	(70)	(3)	(4)%
Net income (loss) attributable to News Corporation	\$ 155	\$ (1,514)	\$1,669	**

** not meaningful

Revenues—Revenues increased \$1,050 million, or 12%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The Revenue increase was primarily due to higher revenues at the Subscription Video Services segment of \$1,198 million resulting in large part from the Transaction, which contributed \$1,289 million to the increase and higher revenues of \$18 million at the Digital Real Estate Services segment. These increases were partially offset by lower revenues at the News and Information Services segment of \$163 million, primarily due to the \$154 million negative impact of foreign currency fluctuations, weakness in the print advertising market and lower revenues at News America Marketing of \$61 million, partially offset by cover and subscription price increases and digital subscriber growth, primarily at *The Wall Street Journal* and in Australia. The impact of the adoption of the new revenue recognition standard resulted in a revenue decrease of approximately \$72 million.

The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$311 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The Company calculates the impact of foreign currency fluctuations for businesses reporting in currencies other than the U.S. dollar by multiplying the results for each quarter in the current period by the difference between the average exchange rate for that quarter and the average exchange rate in effect during the corresponding quarter of the prior year and totaling the impact for all quarters in the current period.

Operating expenses—Operating expenses increased \$719 million, or 15%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The increase in Operating expenses for the fiscal year ended June 30, 2019 was mainly due to higher operating expenses at the Subscription Video Services segment of \$822 million primarily resulting from the Transaction. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of \$153 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

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Selling, general and administrative—Selling, general and administrative expenses increased \$158 million, or 5%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The increase in Selling, general and administrative expenses was primarily due to higher expenses of \$169 million at the Subscription Video Services segment, primarily as a result of the Transaction, and the absence of the \$46 million impact from the reversal of a portion of the previously accrued liability for the U.K. Newspaper Matters and the corresponding receivable as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes in the first quarter of fiscal 2018. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of \$109 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

Depreciation and amortization—Depreciation and amortization expense increased \$187 million, or 40%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018, primarily as a result of an additional \$185 million of depreciation and amortization expense at the Subscription Video Services segment, mainly due to the Transaction.

Impairment and restructuring charges—During the fiscal years ended June 30, 2019 and 2018, the Company recorded restructuring charges of \$92 million and \$71 million, respectively.

During the fiscal year ended June 30, 2019, the Company recognized non-cash impairment charges of \$96 million related to the impairment of goodwill and intangible assets.

During the fiscal year ended June 30, 2018, the Company recognized non-cash impairment charges of \$280 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit.

See Note 5—Restructuring Programs and Note 8—Goodwill and Other Intangible Assets in the accompanying Consolidated Financial Statements.

Equity losses of affiliates—Equity losses of affiliates improved by \$989 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The decrease in losses for the fiscal year ended June 30, 2019 was primarily due to the absence of a \$957 million non-cash write-down of the carrying value of the Company's investment in Foxtel recognized in the third quarter of fiscal 2018.

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change Better/(Worse)	% Change
Foxtel(a)	\$ —	\$ (974)	\$ 974	**
Other equity affiliates, net(b)	(17)	(32)	15	47%
Total Equity losses of affiliates	<u>\$(17)</u>	<u>\$(1,006)</u>	<u>\$ 989</u>	<u>98%</u>

** not meaningful

(a) Following completion of the Transaction in April 2018, News Corp ceased accounting for Foxtel as an equity method investment and began consolidating its results in the fourth quarter of fiscal 2018. See Note 4—Acquisitions, Disposals and Other Transactions and Note 6—Investments in the accompanying Consolidated Financial Statements.

The fiscal year ended June 30, 2018 included the write-down discussed above. See Note 6—Investments in the accompanying Consolidated Financial Statements.

In accordance with Accounting Standards Codification (“ASC”) 350, “Intangibles—Goodwill and Other” (“ASC 350”), the Company amortized \$49 million related to excess cost over the Company's proportionate share of its investment's underlying net assets allocated to finite-lived intangible assets during the fiscal year ended June 30, 2018. Such amortization is reflected in Equity losses of affiliates in the Statement of Operations.

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- (b) Other equity affiliates, net for the fiscal years ended June 30, 2019 and 2018 include losses primarily from the Company's interest in Elara. Additionally, during the fiscal year ended June 30, 2018 the Company recognized \$13 million in non-cash write-downs of certain equity method investments' carrying values. The write-downs were reflected in Equity losses of affiliates in the Statement of Operations for the fiscal year ended June 30, 2018. See Note 6—Investments in the accompanying Consolidated Financial Statements.

Interest expense, net—Interest expense, net for the fiscal year ended June 30, 2019 increased \$52 million, as compared to fiscal 2018, primarily due to higher interest expense as a result of the Transaction. As a result of the Transaction, the Company consolidated outstanding debt of approximately \$1.8 billion. See Note 9—Borrowings in the accompanying Consolidated Financial Statements.

Other, net—Other, net increased \$357 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018. See Note 21—Additional Financial Information in the accompanying Consolidated Financial Statements.

Income tax (expense) benefit—The Company's income tax expense and effective tax rate for the fiscal year ended June 30, 2019 were \$126 million and 36%, respectively, as compared to an income tax expense and effective tax rate of \$355 million and (33%), respectively, for fiscal 2018.

For the fiscal year ended June 30, 2019 the Company recorded a tax expense of \$126 million on pre-tax income of \$354 million resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was primarily due to lower tax benefits on impairments, valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses and the impact from foreign operations which are subject to higher tax rates.

For the fiscal year ended June 30, 2018, the Company recorded a tax expense of \$355 million on pre-tax loss of \$1,089 million resulting in an effective tax rate that was lower than the U.S. statutory tax rate. The lower tax rate was primarily due to \$340 million of lower tax benefits on impairments and write-downs of approximately \$1.3 billion, \$88 million of lower tax benefits related to the \$337 million loss for the settlement of the pre-existing contractual arrangement between FOX SPORTS Australia and Foxtel as a result of the Transaction and a tax expense of \$237 million related to the impact of the Tax Act, offset by a tax benefit of approximately \$49 million related to the settlement of pre-Separation tax matters with the Internal Revenue Service.

Net income (loss)—Net income (loss) increased \$1,672 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018 primarily due to lower equity losses of affiliates resulting from the absence of the \$957 million non-cash write-down of the carrying value of the Company's investment in Foxtel recognized in fiscal 2018, lower impairment and restructuring charges resulting from the absence of non-cash impairment charges of \$280 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit, higher Other, net resulting from the absence of a \$337 million loss related to the Transaction, primarily resulting from the write-off of the FOX SPORTS Australia channel distribution agreement intangible asset, the absence of the \$237 million negative impact of the Tax Act recognized in fiscal 2018 and higher Total Segment EBITDA, partially offset by higher Depreciation and amortization and Interest expense.

Net income attributable to noncontrolling interests—Net income attributable to noncontrolling interests increased \$3 million, or 4%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018, primarily due to higher results at REA Group offset by the noncontrolling interest impact from Foxtel.

Segment Analysis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest expense, net, other, net and income tax (expense) benefit. Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

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Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of, and allocate resources within, the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment EBITDA is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income (loss), cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment and restructuring charges, which are significant components in assessing the Company's financial performance. The Company believes that the presentation of Total Segment EBITDA provides useful information regarding the Company's operations and other factors that affect the Company's reported results. Specifically, the Company believes that by excluding certain one-time or non-cash items such as impairment and restructuring charges and depreciation and amortization, as well as potential distortions between periods caused by factors such as financing and capital structures and changes in tax positions or regimes, the Company provides users of its consolidated financial statements with insight into both its core operations as well as the factors that affect reported results between periods but which the Company believes are not representative of its core business. As a result, users of the Company's consolidated financial statements are better able to evaluate changes in the core operating results of the Company across different periods. The following table reconciles Net income (loss) to Total Segment EBITDA for the fiscal years ended June 30, 2019 and 2018:

(in millions)	For the fiscal years ended June 30,	
	2019	2018
Net income (loss)	\$ 228	\$ (1,444)
Add:		
Income tax expense	126	355
Other, net	(33)	324
Interest expense, net	59	7
Equity losses of affiliates	17	1,006
Impairment and restructuring charges	188	351
Depreciation and amortization	659	472
Total Segment EBITDA	<u>\$ 1,244</u>	<u>\$ 1,071</u>

The following table sets forth the Company's Revenues and Segment EBITDA for the fiscal years ended June 30, 2019 and 2018:

(in millions)	For the fiscal years ended June 30,			
	2019		2018	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
News and Information Services	\$ 4,956	\$ 417	\$ 5,119	\$ 397
Subscription Video Services	2,202	380	1,004	173
Book Publishing	1,754	253	1,758	239
Digital Real Estate Services	1,159	384	1,141	401
Other	3	(190)	2	(139)
Total	<u>\$10,074</u>	<u>\$ 1,244</u>	<u>\$ 9,024</u>	<u>\$ 1,071</u>

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News and Information Services (49% and 57% of the Company's consolidated revenues in fiscal 2019 and 2018, respectively)

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change	% Change
Revenues:			Better/(Worse)	
Circulation and subscription	\$ 2,128	\$ 2,115	\$ 13	1%
Advertising	2,400	2,589	(189)	(7)%
Other	428	415	13	3%
Total Revenues	4,956	5,119	(163)	(3)%
Operating expenses	(2,822)	(2,934)	112	4%
Selling, general and administrative	(1,717)	(1,788)	71	4%
Segment EBITDA	\$ 417	\$ 397	\$ 20	5%

For the fiscal year ended June 30, 2019, revenues at the News and Information Services segment decreased \$163 million, or 3%, as compared to fiscal 2018. The revenue decrease was primarily due to lower Advertising revenues of \$189 million resulting mainly from weakness in the print advertising market, the \$74 million negative impact of foreign currency fluctuations and lower revenues at News America Marketing of \$61 million, partially offset by digital advertising growth, primarily in Australia. Circulation and subscription revenues for the fiscal year ended June 30, 2019 increased \$13 million as compared to fiscal 2018 mainly due to cover and subscription price increases, digital subscriber growth, primarily at *The Wall Street Journal* and in Australia, higher professional information business revenues at Dow Jones and the impact of the adoption of the new revenue recognition standard in Australia. These increases were partially offset by the \$61 million negative impact of foreign currency fluctuations and print volume declines in Australia and in the U.K., primarily at *The Sun*. Other revenues increased \$13 million as compared to fiscal 2018 primarily due to the \$38 million net benefit related to News UK's exit from the partnership for *Sun Bets* in the first quarter of fiscal 2019, partially offset by the \$19 million negative impact of foreign currency fluctuations and lower brand partnership revenues in the U.K. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$154 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

For the fiscal year ended June 30, 2019, Segment EBITDA at the News and Information Services segment increased \$20 million, or 5%, as compared to fiscal 2018. The increase was primarily due to higher contribution from Dow Jones of \$17 million, primarily related to higher revenues, and from News Corp Australia of \$9 million, primarily due to lower newsprint, production and distribution costs and cost savings initiatives.

Dow Jones

Revenues were \$1,559 million for the fiscal year ended June 30, 2019, an increase of \$48 million, or 3%, as compared to fiscal 2018 revenues of \$1,511 million. Circulation and subscription revenues increased \$58 million, primarily due to the \$44 million impact from digital subscriber growth and digital subscription price increases at *The Wall Street Journal*, as well as \$21 million of higher professional information business revenues led by Dow Jones Risk & Compliance, partially offset by the negative impact of foreign currency fluctuations. Advertising revenues decreased \$13 million, primarily due to weakness in the print advertising market, partially offset by digital advertising growth. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$7 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

News Corp Australia

Revenues at the Australian newspapers were \$1,197 million for the fiscal year ended June 30, 2019, a decrease of \$82 million, or 6%, as compared to fiscal 2018 revenues of \$1,279 million. The impact of foreign currency

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fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$99 million, or 7%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. Advertising revenues decreased \$65 million, primarily due to the \$56 million negative impact of foreign currency fluctuations and the \$52 million impact of weakness in the print advertising market, partially offset by the \$26 million increase due to digital advertising growth and a \$20 million increase from the acquisition of an integrated content marketing agency. Circulation and subscription revenues decreased \$21 million primarily due to the \$32 million negative impact of foreign currency fluctuations and print volume declines, partially offset by the impact of the adoption of the new revenue recognition standard, cover price increases and digital subscriber growth.

News UK

Revenues were \$1,032 million for the fiscal year ended June 30, 2019, a decrease of \$44 million, or 4%, as compared to fiscal 2018 revenues of \$1,076 million. The decrease was due in part to lower Advertising revenues of \$28 million, primarily due to weakness in the print advertising market and the \$12 million negative impact of foreign currency fluctuations. Circulation and subscription revenues decreased \$27 million, primarily due to single-copy volume declines, mainly at *The Sun*, and the \$22 million negative impact of foreign currency fluctuations, partially offset by the impact of cover price increases across mastheads. The decrease was partially offset by higher Other revenues of \$11 million, mainly due to the \$38 million net benefit related to the exit from the partnership for *Sun Bets* in the first quarter of fiscal 2019, partially offset by lower brand partnership revenues. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$40 million, or 4%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

News America Marketing

Revenues at News America Marketing were \$895 million for the fiscal year ended June 30, 2019, a decrease of \$61 million, or 6%, as compared to fiscal 2018 revenues of \$956 million. The decrease was primarily related to \$67 million of lower home delivered revenues, which include free-standing insert products, mainly due to lower volume.

Subscription Video Services (22% and 11% of the Company's consolidated revenues in fiscal 2019 and 2018, respectively)

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change Better/(Worse)	% Change
Revenues:				
Circulation and subscription	\$ 1,926	\$ 850	\$1,076	**
Advertising	215	127	88	69%
Other	61	27	34	**
Total Revenues	2,202	1,004	1,198	**
Operating expenses	(1,476)	(654)	(822)	**
Selling, general and administrative	(346)	(177)	(169)	(95)%
Segment EBITDA	\$ 380	\$ 173	\$ 207	**

** not meaningful

For the fiscal year ended June 30, 2019, revenues at the Subscription Video Services segment increased \$1,198 million and Segment EBITDA increased \$207 million, as compared to fiscal 2018. The revenue and Segment EBITDA increases were primarily due to the Transaction, which contributed \$1,289 million of revenue and \$236 million of Segment EBITDA during the fiscal year ended June 30, 2019. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$74 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018. See the "Results of Operations—Fiscal 2019 (as reported) versus Fiscal 2018 (pro forma)" section below for additional details.

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Book Publishing (17% and 19% of the Company's consolidated revenues in fiscal 2019 and 2018, respectively)

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change	% Change
Revenues:			Better/(Worse)	
Consumer	\$ 1,679	\$ 1,664	\$ 15	1%
Other	75	94	(19)	(20)%
Total Revenues	1,754	1,758	(4)	—
Operating expenses	(1,174)	(1,178)	4	—
Selling, general and administrative	(327)	(341)	14	4%
Segment EBITDA	\$ 253	\$ 239	\$ 14	6%

For the fiscal year ended June 30, 2019, revenues at the Book Publishing segment decreased \$4 million as compared to fiscal 2018. The decrease was primarily due to the \$65 million impact of the adoption of the new revenue recognition standard, the absence of \$28 million in revenues from the sublicensing agreement for J.R.R. Tolkien's *The Lord of the Rings* trilogy recognized in fiscal 2018 and the \$27 million negative impact of foreign currency fluctuations. These decreases were partially offset by strong frontlist and backlist sales in the Christian publishing category, primarily titles by Rachel Hollis including *Girl, Wash Your Face* and *Girl, Stop Apologizing*, as well as the success of *Homebody: A Guide to Creating Spaces You Never Want to Leave* by Joanna Gaines in the general books category and *The Hate U Give* by Angie Thomas in the children's books category. Digital sales increased 7% compared to fiscal 2018, driven by growth in downloadable audiobook sales, and represented 20% of Consumer revenues during the fiscal year ended June 30, 2019.

For the fiscal year ended June 30, 2019, Segment EBITDA at the Book Publishing segment increased \$14 million, or 6%, as compared to fiscal 2018, primarily due to the mix of titles.

Digital Real Estate Services (12% and 13% of the Company's consolidated revenues in fiscal 2019 and 2018, respectively)

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change	% Change
Revenues:			Better/(Worse)	
Circulation and subscription	\$ 49	\$ 56	\$ (7)	(13)%
Advertising	122	139	(17)	(12)%
Real estate	908	858	50	6%
Other	80	88	(8)	(9)%
Total Revenues	1,159	1,141	18	2%
Operating expenses	(167)	(138)	(29)	(21)%
Selling, general and administrative	(608)	(602)	(6)	(1)%
Segment EBITDA	\$ 384	\$ 401	\$ (17)	(4)%

For the fiscal year ended June 30, 2019, revenues at the Digital Real Estate Services segment increased \$18 million, or 2%, as compared to fiscal 2018. Revenues at Move increased \$32 million, or 7%, to \$484 million in fiscal 2019 from \$452 million in fiscal 2018, primarily due to higher Real Estate revenues resulting from growth in leads and higher yield, partially offset by lower non-listing advertising revenues. At REA Group, revenues increased \$8 million, or 1%, to \$674 million in fiscal 2019 from \$666 million in fiscal 2018. The higher revenues were primarily due to an increase in Australian residential depth revenue driven by price increases, improved penetration and favorable product mix, as well as the acquisition of Hometrack Australia, partially offset by the \$56 million negative impact of foreign currency fluctuations and softness in listing volumes which

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are not expected to improve in the short term. The increase in revenues was partially offset by the \$21 million impact resulting from the sale of DIAKRIT during the first quarter of fiscal 2019.

For the fiscal year ended June 30, 2019, Segment EBITDA at the Digital Real Estate Services segment decreased \$17 million, or 4%, as compared to fiscal 2018. The decrease in Segment EBITDA was primarily due to the \$39 million impact associated with the acquisition and continued investment in Opicity at Move and the \$30 million negative impact of foreign currency fluctuations, partially offset by the higher revenues noted above.

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Results of Operations—Fiscal 2019 (as reported) versus Fiscal 2018 (pro forma)

The following supplemental unaudited pro forma information for the fiscal year ended June 30, 2018 reflects the Company's results of operations as if the Transaction had occurred on July 1, 2016. The Company believes that the presentation of this supplemental information enhances comparability across the reporting periods. The information was prepared in accordance with Article 11 of Regulation S-X and is based on historical results of operations of News Corp and Foxtel, adjusted for the effect of Transaction-related accounting adjustments, as described below. Pro forma adjustments were based on available information and assumptions regarding impacts that are directly attributable to the Transaction, are factually supportable, and are expected to have a continuing impact on the combined results. In addition, the pro forma information is provided for supplemental and informational purposes only, and is not necessarily indicative of what the Company's results of operations would have been, or the Company's future results of operations, had the Transaction actually occurred on the date indicated. As only the financial results for the Subscription Video Services segment were adjusted due to the presentation of this pro forma supplemental information, the Company is only providing a supplemental analysis for this segment below, under "Segment Analysis (pro forma)." The unaudited pro forma information should be read in conjunction with other sections of this "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as "Selected Financial Data" and the Consolidated Financial Statements and related notes appearing elsewhere in this Annual Report.

	Pro Forma (unaudited) For the fiscal year ended June 30, 2018			Pro Forma
	News Corp Historical(a)	Foxtel Historical(b)	Transaction Adjustments	
(in millions, except per share amounts)				
Revenues:				
Circulation and subscription	\$ 3,021	\$ 1,638	\$ (278)(c)(d)	\$ 4,381
Advertising	2,856	141	—	2,997
Consumer	1,664	—	—	1,664
Real estate	858	—	—	858
Other	625	39	—	664
Total Revenues	9,024	1,818	(278)	10,564
Operating expenses	(4,903)	(1,136)	291(c)(e)	(5,748)
Selling, general and administrative	(3,050)	(340)	17(f)	(3,373)
Depreciation and amortization	(472)	(187)	(17)(g)(h)(i)	(676)
Impairment and restructuring charges	(351)	(5)	(957)(j)	(1,313)
Equity (losses) earnings of affiliates	(1,006)	5	974(j)	(27)
Interest expense, net	(7)	(76)	—	(83)
Other, net	(324)	(2)	337(k)	11
(Loss) income before income tax expense	(1,089)	77	367	(645)
Income tax expense	(355)	(13)	(5)(l)	(373)
Net (loss) income	(1,444)	64	362	(1,018)
Less: Net (income) loss attributable to noncontrolling interests	(70)	1	(27)(m)	(96)
Net (loss) income attributable to News Corporation	\$ (1,514)	\$ 65	\$ 335	\$ (1,114)
Basic and diluted loss per share:				
Net loss available to News Corporation stockholders per share	\$ (2.60)			\$ (1.92)

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Notes to the unaudited pro forma statements:

- (a) Reflects the historical results of operations of News Corporation. As the acquisition of a controlling interest in Foxtel was completed on April 3, 2018, Foxtel is reflected in our historical Statement of Operations from April 3, 2018 onwards.
- (b) Reflects the historical results of operations of Foxtel to the date of the Transaction. From April 3, 2018 onwards, Foxtel is included in the historical results of operations of News Corporation. The Statement of Operations of Foxtel is derived from its historical financial statements for the nine months ended March 31, 2018. The Statement of Operations for the nine months ended March 31, 2018 reflects Foxtel's Statement of Operations on a U.S. GAAP basis and translated from Australian dollars to U.S. dollars, the reporting currency of the combined group, using the quarterly average rate for each quarter in the period presented. Additionally, certain balances within Foxtel's historical financial information were reclassified to be consistent with the Company's presentation.
- (c) Represents the impact of eliminating transactions between Foxtel and the consolidated subsidiaries of News Corporation, which would be eliminated upon consolidation as a result of the Transaction.
- (d) Reflects the reversal of revenue recognized in Foxtel's historical Statement of Operations resulting from the fair value adjustment of Foxtel's historical deferred installation revenue in the preliminary purchase price allocation for the Transaction.
- (e) Reflect the adjustment to amortization of program inventory recognized in Foxtel's historical Statement of Operations related to the fair value adjustment of Foxtel's historical program inventory in the preliminary purchase price allocation.
- (f) Reflects the removal of transaction expenses directly related to the Transaction that are included in News Corp's historical Statement of Operations for the fiscal year ended June 30, 2018. These costs are considered to be non-recurring in nature, and as such, have been excluded from the pro forma Statement of Operations.
- (g) Reflects the adjustment to amortization expense resulting from the recognition of amortizable intangible assets in the preliminary purchase price allocation.
- (h) Reflects the adjustment to depreciation and amortization expense resulting from the fair value adjustment to Foxtel's historical fixed assets in the preliminary purchase price allocation, which resulted in a step-up in the value of such assets.
- (i) Reflects the reversal of amortization expense included in News Corp's historical Statement of Operations from the Company's settlement of its pre-existing contractual arrangement between Foxtel and FOX SPORTS Australia, which resulted in a write-off of its channel distribution agreement intangible asset at the time of the Transaction.
- (j) Represents the impact to equity losses of affiliates as a result of the Transaction, as if the Transaction occurred on July 1, 2016. Historically News Corp accounted for its investment in Foxtel under the equity method of accounting. As a result of the Transaction, Foxtel became a majority owned subsidiary of the Company, and therefore, the impact of Foxtel on the Company's historical equity losses of affiliates was eliminated. In addition, during the fiscal year ended June 30, 2018, News Corp recorded an impairment to its investment in Foxtel within equity losses of affiliates which is reflected in News Corp's historical results. As this impairment is non-recurring in nature and is not directly attributable to the Transaction, such amount has not been eliminated and has been reclassified in the pro forma Statement of Operations from equity losses of affiliates into impairment and restructuring charges.
- (k) Represents the write-off recorded as a result of the effective settlement of the channel distribution agreement between FOX SPORTS Australia and Foxtel as a result of the Transaction as well as other costs directly attributable to the Transaction. The write-off of the intangible asset related to this agreement and other associated costs are considered transaction costs directly attributable to the Transaction that were incurred in the fiscal year ended June 30, 2018.
- (l) In determining the tax rate to apply to our pro forma adjustments we used the Australian statutory rate of 30%, which is the jurisdiction in which the business operates. However, in certain instances, the effective tax rate applied to certain adjustments differs from the statutory rate primarily as a result of certain valuation allowances on deferred tax assets, based on the Company's historical tax profile in Australia.

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(m) Represents the adjustment, as a result of the Transaction, to reflect the noncontrolling interest of the combined company on a pro forma basis.

The following table sets forth the Company's audited operating results for the fiscal year ended June 30, 2019 and its unaudited pro forma operating results for the fiscal year ended June 30, 2018.

(in millions, except %)	For the fiscal years ended June 30,			
	2019 As reported	2018 Pro forma	Change Better/(Worse)	% Change
Revenues:				
Circulation and subscription	\$ 4,104	\$ 4,381	\$ (277)	(6)%
Advertising	2,738	2,997	(259)	(9)%
Consumer	1,679	1,664	15	1%
Real estate	908	858	50	6%
Other	645	664	(19)	(3)%
Total Revenues	10,074	10,564	(490)	(5)%
Operating expenses	(5,622)	(5,748)	126	2%
Selling, general and administrative	(3,208)	(3,373)	165	5%
Depreciation and amortization	(659)	(676)	17	3%
Impairment and restructuring charges	(188)	(1,313)	1,125	86%
Equity losses of affiliates	(17)	(27)	10	37%
Interest expense, net	(59)	(83)	24	29%
Other, net	33	11	22	**
Income (loss) before income tax expense	354	(645)	999	**
Income tax expense	(126)	(373)	247	66%
Net income (loss)	228	(1,018)	1,246	**
Less: Net income attributable to noncontrolling interests	(73)	(96)	23	24%
Net income (loss) attributable to News Corporation	\$ 155	\$ (1,114)	\$1,269	**

** not meaningful

Revenues (pro forma)—Revenues decreased \$490 million, or 5%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The Revenue decrease was primarily attributable to a \$342 million decrease in revenues at the Subscription Video Services segment, primarily due to the \$181 million negative impact of foreign currency fluctuations and lower subscription revenues resulting from lower broadcast subscribers and changes in the subscriber package mix, partially offset by \$46 million of higher revenues from Foxtel Now and Kayo, as well as lower revenues at the News and Information Services segment of \$163 million, mainly due to the \$154 million negative impact of foreign currency fluctuations, weakness in the print advertising market and lower revenues at News America Marketing of \$61 million, partially offset by cover and subscription price increases and digital subscriber growth, primarily at *The Wall Street Journal* and in Australia. The Revenue decrease was partially offset by higher revenues of \$18 million at the Digital Real Estate Services segment. The impact of the adoption of the new revenue recognition standard resulted in a Revenue decrease of approximately \$72 million. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Revenue decrease of \$418 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

Operating expenses (pro forma)—Operating expenses decreased \$126 million, or 2%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The decrease in Operating expenses for the fiscal year ended June 30, 2019 was mainly due to the \$219 million positive impact of foreign currency fluctuations, partially offset by \$95 million of higher sports programming and production costs at the Subscription Video Services segment, mainly related to Cricket Australia and the National Rugby League. During fiscal 2019, as a result of Foxtel management's new programming strategy, the Company determined that certain entertainment programming provided a higher benefit upon its first run and now accelerates amortization for such programming. The Company expects an increase in non-cash programming amortization expense in fiscal 2020 as a result.

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Selling, general and administrative (pro forma)—Selling, general and administrative expenses decreased \$165 million, or 5%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The decrease in Selling, general and administrative expenses was primarily due to lower expenses at the Subscription Video Services segment of \$154 million primarily related to lower customer service and installation costs and lower overhead costs, partially offset by the absence of the \$46 million impact from the reversal of a portion of the previously accrued liability for the U.K. Newspaper Matters and the corresponding receivable as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes in the first quarter of fiscal 2018. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of \$130 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

Depreciation and amortization (pro forma)—Depreciation and amortization expense decreased \$17 million, or 3%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a depreciation and amortization expense decrease of \$32 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018.

Impairment and restructuring charges (pro forma)—During the fiscal years ended June 30, 2019 and 2018, the Company recorded restructuring charges of \$92 million and \$76 million, respectively, primarily related to employee termination benefits in the News and Information Services segment.

During the fiscal year ended June 30, 2019, the Company recognized non-cash impairment charges of \$96 million related to the impairment of goodwill and intangible assets.

During the fiscal year ended June 30, 2018, the Company recognized non-cash impairment charges of \$1,237 million consisting primarily of a \$957 million non-cash write-down of the carrying value of its investment in Foxtel and \$280 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit.

Equity losses of affiliates (pro forma)—Equity losses of affiliates improved by \$10 million to \$17 million for the fiscal year ended June 30, 2019 from \$27 million in fiscal 2018. The decrease in losses for the fiscal year ended June 30, 2019 was primarily due to the absence of \$13 million in non-cash write-downs of certain equity method investments recognized in the second quarter of fiscal 2018.

Interest expense, net (pro forma)—Interest expense, net decreased \$24 million, or 29%, for the fiscal year ended June 30, 2019 as compared to fiscal 2018, primarily due to lower third party interest expense due to repayments of maturing facilities.

Other, net (pro forma)—Other, net increased \$22 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018, primarily due to dividends received from certain investments in the second quarter of fiscal 2019 and gain recognized on the sale of property in Australia, partially offset by the absence of the gain recognized on the sale of the Company's investment in SEEKAsia in the third quarter of fiscal 2018.

Income tax expense (pro forma)—The Company's income tax expense and effective tax rate for the fiscal year ended June 30, 2019 were \$126 million and 36%, respectively, as compared to an income tax expense and effective tax rate of \$373 million and (58%), respectively, for fiscal 2018.

For the fiscal year ended June 30, 2019, the Company recorded income tax expense of \$126 million on pre-tax income of \$354 million, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The

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higher tax rate was primarily due to lower tax benefits on impairments, valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses and the impact from foreign operations which are subject to higher tax rates.

For the fiscal year ended June 30, 2018, the Company recorded a tax expense of \$373 million on pre-tax loss of \$645 million resulting in an effective tax rate that was lower than the U.S. statutory tax rate. The lower tax rate was primarily due to \$340 million of lower tax benefits on impairments and write-downs of approximately \$1.3 billion and a tax expense of \$237 million related to the impact of the Tax Act, offset by a tax benefit of approximately \$49 million related to the settlement of pre-Separation tax matters with the Internal Revenue Service.

Net income (loss) (pro forma)—Net income (loss) improved by \$1,269 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018 primarily due to lower impairment and restructuring charges resulting from the absence of \$1,237 million of non-cash impairment charges recognized in fiscal 2018 consisting of a \$957 million non-cash write-down of the carrying value of the Company's investment in Foxtel and \$280 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit and the absence of the \$237 million negative impact of the Tax Act recognized in fiscal 2018, partially offset by lower Total Segment EBITDA.

Net income attributable to noncontrolling interests (pro forma)—Net income attributable to noncontrolling interests decreased by \$23 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018, primarily due to lower performance at Foxtel, partially offset by higher results at REA Group.

Segment Analysis (pro forma)

The following table reconciles audited reported and pro forma Net income (loss) to audited reported and pro forma Total Segment EBITDA for the fiscal years ended June 30, 2019 and 2018:

(in millions, except %)	For the fiscal years ended June 30,	
	2019 As Reported	2018 Pro forma
Net income (loss)	\$ 228	\$ (1,018)
Add:		
Income tax expense	126	373
Other, net	(33)	(11)
Interest expense, net	59	83
Equity losses of affiliates	17	27
Impairment and restructuring charges	188	1,313
Depreciation and amortization	659	676
Total Segment EBITDA	<u>\$ 1,244</u>	<u>\$ 1,443</u>

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The following table sets forth the Company's reported Revenues and Segment EBITDA for the fiscal year ended June 30, 2019 and pro forma Revenues and Segment EBITDA for the fiscal year ended June 30, 2018:

(in millions)	For the fiscal years ended June 30,			
	2019		2018	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	As Reported	Pro forma	As Reported	Pro forma
News and Information Services	\$ 4,956	\$ 417	\$ 5,119	\$ 397
Subscription Video Services	2,202	380	2,544	545
Book Publishing	1,754	253	1,758	239
Digital Real Estate Services	1,159	384	1,141	401
Other	3	(190)	2	(139)
Total	<u>\$10,074</u>	<u>\$ 1,244</u>	<u>\$10,564</u>	<u>\$ 1,443</u>

Subscription Video Services (pro forma) (22% and 24% of the Company's consolidated revenues in fiscal 2019 and 2018, respectively)

(in millions, except %)	For the fiscal years ended June 30,			
	2019	2018	Change	% Change
	As reported	Pro forma	Better/(Worse)	
Revenues:				
Circulation and subscription	\$ 1,926	\$ 2,210	\$ (284)	(13)%
Advertising	215	268	(53)	(20)%
Other	61	66	(5)	(8)%
Total Revenues	2,202	2,544	(342)	(13)%
Operating expenses	(1,476)	(1,499)	23	2%
Selling, general and administrative	(346)	(500)	154	31%
Segment EBITDA	\$ 380	\$ 545	\$ (165)	(30)%

For the fiscal year ended June 30, 2019, revenues at the Subscription Video Services segment decreased \$342 million, or 13%, as compared to fiscal 2018. The revenue decrease was primarily due to the \$181 million negative impact of foreign currency fluctuations and lower subscription revenues resulting from lower broadcast subscribers and changes in the subscriber package mix, partially offset by \$46 million of higher revenues from Foxtel Now and Kayo.

For the fiscal year ended June 30, 2019, Segment EBITDA at the Subscription Video Services segment decreased \$165 million, or 30%, as compared to fiscal 2018. The decrease in Segment EBITDA was primarily due to the lower revenues discussed above, \$95 million of higher sports programming and production costs, mainly related to Cricket Australia and the National Rugby League, and approximately \$30 million in higher marketing costs related to Kayo, partially offset by lower entertainment programming costs, customer service and installation costs and overhead expenses.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds and cash and cash equivalents on hand. As of June 30, 2019, the Company's cash and cash equivalents were \$1.64 billion. The Company expects these elements of liquidity will enable it to meet its liquidity needs in the foreseeable future, including repayment of indebtedness. The Company also has available borrowing capacity under the Facility (as defined below) and

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certain other facilities, as described below, and expects to have access to the worldwide credit and capital markets, subject to market conditions, in order to issue additional debt if needed or desired. Although the Company believes that its cash on hand and future cash from operations, together with its access to the credit and capital markets, will provide adequate resources to fund its operating and financing needs, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the performance of the Company and/or its operating subsidiaries, as applicable, (ii) the Company's credit rating or absence of a credit rating and/or the credit rating of its operating subsidiaries, as applicable, (iii) the provisions of any relevant debt instruments, credit agreements, indentures and similar or associated documents, (iv) the liquidity of the overall credit and capital markets and (v) the current state of the economy. There can be no assurances that the Company will continue to have access to the credit and capital markets on acceptable terms. See Part I, "Item 1A. Risk Factors" for further discussion.

As of June 30, 2019, the Company's consolidated assets included \$633 million in cash and cash equivalents that were held by its foreign subsidiaries. Of this amount, \$97 million is cash not readily accessible by the Company as it is held by REA Group, a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group's cash balance. The Company earns income outside the U.S., which is deemed to be permanently reinvested in certain foreign jurisdictions. The Company does not currently intend to repatriate these earnings. Should the Company require more capital in the U.S. than is generated by and/or available to its domestic operations, the Company could elect to transfer funds held in foreign jurisdictions. The transfer of funds from foreign jurisdictions may be cumbersome due to local regulations, foreign exchange controls and taxes. Additionally, the transfer of funds from foreign jurisdictions may result in higher effective tax rates and higher cash paid for income taxes for the Company. The Tax Act was enacted on December 22, 2017. As part of the transition to the new partial territorial tax system, the Tax Act imposed a one-time tax on the mandatory deemed repatriation of earnings of the Company's foreign subsidiaries. The deemed repatriation tax was determined to be approximately \$26 million, which was recorded to income tax expense in fiscal 2018. The U.S. Treasury Department released additional guidance and proposed regulations during the past year. The Company undertook a review of the guidance and proposed regulations and determined that there were no material changes to the deemed repatriation tax of approximately \$26 million.

The principal uses of cash that affect the Company's liquidity position include the following: operational expenditures including employee costs and paper purchases; capital expenditures; income tax payments; investments in associated entities; acquisitions; and the repayment of debt and related interest. In addition to the acquisitions and dispositions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible future acquisitions and dispositions of certain businesses. Such transactions may be material and may involve cash, the issuance of the Company's securities or the assumption of indebtedness.

Issuer Purchases of Equity Securities

In May 2013, the Company's Board of Directors (the "Board of Directors") authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. No stock repurchases were made during the fiscal years ended June 30, 2019 and 2018. Through August 5, 2019, the Company cumulatively repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately \$71 million. The remaining authorized amount under the stock repurchase program as of August 5, 2019 was approximately \$429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

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The Company did not purchase any of its Class B Common Stock during the fiscal years ended June 30, 2019 and 2018.

Dividends

The following table summarizes the dividends declared and paid per share on both the Company's Class A Common Stock and Class B Common Stock:

	For the fiscal years ended June 30,	
	2019	2018
Cash dividends paid per share	\$ 0.20	\$ 0.20

Sources and Uses of Cash—Fiscal 2019 versus Fiscal 2018

Net cash provided by operating activities for the fiscal years ended June 30, 2019 and 2018 was as follows (in millions):

For the fiscal years ended June 30,	2019	2018
Net cash provided by operating activities	<u>\$928</u>	<u>\$757</u>

Net cash provided by operating activities increased by \$171 million for the fiscal year ended June 30, 2019 as compared to fiscal 2018. The increase was primarily due to higher Total Segment EBITDA, higher cash distributions received from affiliates of \$27 million and lower net tax payments of \$27 million, partially offset by higher net interest payments of \$46 million.

Net cash used in investing activities for the fiscal years ended June 30, 2019 and 2018 was as follows (in millions):

For the fiscal years ended June 30,	2019	2018
Net cash used in investing activities	<u>\$(677)</u>	<u>\$(321)</u>

Net cash used in investing activities was \$677 million for the fiscal year ended June 30, 2019 as compared to net cash used in investing activities of \$321 million for fiscal 2018. During the fiscal year ended June 30, 2019, the Company used \$188 million of cash for acquisitions, primarily for the acquisition of Opicity, and had capital expenditures of \$572 million, of which \$302 million related to Foxtel. The net cash used in investing activities for the fiscal year ended June 30, 2019 was partially offset by proceeds from the sale of businesses and other assets.

Foxtel's total capital expenditures in fiscal 2020 are expected to be approximately 20% lower than fiscal 2019.

During the fiscal year ended June 30, 2018, the Company used \$364 million of cash for capital expenditures which included approximately \$60 million from the consolidation of Foxtel and \$77 million of cash for acquisitions, primarily for the acquisitions of Hometrack and Smartline, partially offset by cash acquired from the Transaction. The net cash used in investing activities for the fiscal year ended June 30, 2018 was also partially offset by proceeds from the sale of the SEEKAsia cost method investment of \$122 million.

Net cash used in financing activities for the fiscal years ended June 30, 2019 and 2018 was as follows (in millions):

For the fiscal years ended June 30,	2019	2018
Net cash used in financing activities	<u>\$(610)</u>	<u>\$(398)</u>

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The Company had net cash used in financing activities of \$610 million for the fiscal year ended June 30, 2019 as compared to net cash used in financing activities of \$398 million for fiscal 2018. During the fiscal year ended June 30, 2019, the Company repaid \$1,116 million of borrowings related to Foxtel and REA Group, and made dividend payments of \$161 million, primarily to News Corporation stockholders and REA Group minority stockholders. The net cash used in financing activities for the fiscal year ended June 30, 2019 was partially offset by new borrowings of \$681 million.

During the fiscal year ended June 30, 2018, the Company repaid \$213 million of borrowings related to Foxtel and REA Group, and made dividend payments of \$158 million, primarily to News Corporation stockholders and REA Group minority stockholders. The Company also paid \$79 million for its mandatorily redeemable interest in iProperty in fiscal 2018. The net cash used in financing activities for the fiscal year ended June 30, 2018 was partially offset by new borrowings of \$95 million.

Reconciliation of Free Cash Flow Available to News Corporation

Free cash flow available to News Corporation is a non-GAAP financial measure defined as net cash provided by operating activities, less capital expenditures (“free cash flow”), less REA Group free cash flow, plus cash dividends received from REA Group. Free cash flow available to News Corporation should be considered in addition to, not as a substitute for, cash flows from operations and other measures of financial performance reported in accordance with GAAP. Free cash flow available to News Corporation may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of free cash flow.

The Company considers free cash flow available to News Corporation to provide useful information to management and investors about the amount of cash that is available to be used to strengthen the Company’s balance sheet and for strategic opportunities including, among others, investing in the Company’s business, strategic acquisitions, dividend payouts and repurchasing stock. The Company believes excluding REA Group’s free cash flow and including dividends received from REA Group provides users of its consolidated financial statements with a measure of the amount of cash flow that is readily available to the Company, as REA Group is a separately listed public company in Australia and must declare a dividend in order for the Company to have access to its share of REA Group’s cash balance. The Company believes free cash flow available to News Corporation provides a more conservative view of the Company’s free cash flow because this presentation includes only that amount of cash the Company actually receives from REA Group, which has generally been lower than the Company’s unadjusted free cash flow.

A limitation of free cash flow available to News Corporation is that it does not represent the total increase or decrease in the cash balance for the period. Management compensates for the limitation of free cash flow available to News Corporation by also relying on the net change in cash and cash equivalents as presented in the Statements of Cash Flows prepared in accordance with GAAP which incorporate all cash movements during the period.

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The following table presents a reconciliation of net cash provided by operating activities to free cash flow available to News Corporation:

	For the fiscal years ended June 30,	
	2019	2018
	(in millions)	
Net cash provided by operating activities	\$ 928	\$ 757
Less: Capital expenditures	(572)	(364)
	356	393
Less: REA Group free cash flow	(212)	(207)
Plus: Cash dividends received from REA Group	69	63
Free cash flow available to News Corporation	\$ 213	\$ 249

Free cash flow available to News Corporation decreased \$36 million in the fiscal year ended June 30, 2019 to \$213 million from \$249 million in fiscal 2018, primarily due to higher capital expenditures, partially offset by higher cash provided by operating activities as discussed above.

Borrowings

As of June 30, 2019, the Company had total borrowings of \$1.45 billion, including the current portion. The Company's borrowings as of such date reflect \$1.24 billion of outstanding debt incurred by certain subsidiaries of Foxtel (together with Foxtel, the "Foxtel Debt Group") that the Company consolidated upon completion of the Transaction. The Foxtel Debt Group indebtedness includes U.S. private placement senior unsecured notes and drawn amounts under its revolving credit facilities, with maturities ranging from fiscal 2020 to 2025. Approximately \$281 million and \$337 million aggregate principal amount outstanding of the Foxtel Debt Group indebtedness will mature during fiscal 2020 and 2021, respectively, and these debt repayments are expected to be funded primarily through a combination of cash on hand and debt refinancing. The Foxtel Debt Group's borrowings are guaranteed by certain members of the Foxtel Debt Group. In accordance with ASC 805 "Business Combinations" ("ASC 805"), these debt instruments were recorded at fair value as of the Transaction date. During the fiscal year ended June 30, 2019, the Foxtel Debt Group had repayments of \$1.03 billion, including the repayment of its A\$300 million (approximately \$216 million) facility maturing in April 2019 and the repayment of its A\$200 million (approximately \$139 million) facility maturing in May 2019, and borrowings of \$681 million. The repayments of the A\$300 million facility maturing in April 2019 and the A\$200 million facility maturing in May 2019 were repaid using A\$500 million of shareholder loans provided by the Company. The shareholder loans bear interest at a variable rate of Australian BBSY plus an applicable margin ranging from 6.30% to 7.75%. The shareholder loans mature in December 2027.

The Company's borrowings as of June 30, 2019 also reflect the indebtedness of REA Group. During the fiscal year ended June 30, 2019, REA Group repaid \$87 million (A\$120 million) for its unsecured loan facility due December 2018. REA Group had remaining borrowings of \$217 million, of which approximately \$168 million (A\$240 million) will mature in December 2019. The Company expects REA Group to fund this debt repayment primarily through a combination of cash on hand and debt refinancing.

The Company has additional borrowing capacity under its unsecured \$650 million revolving credit facility (the "Facility"), which can be increased up to a maximum amount of \$900 million at the Company's request. The lenders' commitments to make the Facility available terminate on October 23, 2020, provided the Company may request that the commitments be extended under certain circumstances for up to two additional one-year periods. As of the date of this filing, the Company has not borrowed any funds under the Facility. In addition, the Company has \$181 million of undrawn commitments under the Foxtel Group's revolving credit facilities.

The Company's borrowings contain customary representations, covenants and events of default. The Company was in compliance with all such covenants at June 30, 2019.

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See Note 9—Borrowings in the accompanying Consolidated Financial Statements for further details regarding the Company’s outstanding debt, including certain information about interest rates and maturities related to such debt arrangements.

Commitments

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations.

The following table summarizes the Company’s material firm commitments as of June 30, 2019:

	As of June 30, 2019				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years (in millions)	3-5 years	More than 5 years
Purchase obligations(a)	\$1,012	\$ 461	\$ 362	\$ 138	\$ 51
Sports programming rights(b)	1,793	501	912	380	—
Programming costs(c)	378	141	183	54	—
Operating leases(d)					
Transmission costs(e)	408	63	121	115	109
Land and buildings	1,499	172	289	248	790
Plant and machinery	12	5	6	1	—
Borrowings(f)	1,449	450	579	270	150
Interest payments on borrowings(g)	111	45	51	15	—
Total commitments and contractual obligations	<u>\$6,662</u>	<u>\$ 1,838</u>	<u>\$ 2,503</u>	<u>\$ 1,221</u>	<u>\$ 1,100</u>

- (a) The Company has commitments under purchase obligations related to minimum subscriber guarantees for license fees, printing contracts, capital projects, marketing agreements, production services and other legally binding commitments.
- (b) The Company has sports programming rights commitments with the National Rugby League, Australian Football League, Cricket Australia, domestic football league and Australian Rugby Union as well as certain other broadcast rights which are payable through fiscal 2024.
- (c) The Company has programming rights commitments with various suppliers for programming content.
- (d) The Company leases office facilities, warehouse facilities, printing plants, satellite services and equipment. These leases, which are classified as operating leases, are expected to be paid at certain dates through fiscal 2021. This amount includes approximately \$45 million of office facilities that have been subleased from Fox Corporation.
- (e) The Company has contractual commitments for satellite transmission services. The transponder services arrangements extend through 2029 and are accounted for as operating leases.
- (f) See Note 9—Borrowings in the accompanying Consolidated Financial Statements.
- (g) Reflects the Company’s expected future interest payments on borrowings outstanding and interest rates applicable at June 30, 2019. Such rates are subject to change in future periods. See Note 9—Borrowings in the accompanying Consolidated Financial Statements.

The Company has certain contracts to purchase newsprint, ink and plates that require the Company to purchase a percentage of its total requirements for production. Since the quantities purchased annually under these contracts are not fixed and are based on the Company’s total requirements, the amount of the related payments for these purchases is excluded from the table above.

The table also excludes the Company’s pension obligations, other postretirement benefits (“OPEB”) obligations and the liabilities for unrecognized tax benefits for uncertain tax positions as the Company is unable to

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reasonably predict the ultimate amount and timing of the commitments. The Company made contributions of \$16 million and \$29 million to its pension plans in fiscal 2019 and fiscal 2018, respectively. Future plan contributions are dependent upon actual plan asset returns and interest rates and statutory requirements. The Company anticipates that it will make contributions of approximately \$20 million in fiscal 2020, assuming that actual plan asset returns are consistent with the Company's expected returns in fiscal 2019 and beyond, and that interest rates remain constant. The Company will continue to make voluntary contributions as necessary to improve the funded status of the plans. Payments due to participants under the Company's pension plans are primarily paid out of underlying trusts. Payments due under the Company's OPEB plans are not required to be funded in advance, but are paid as medical costs are incurred by covered retiree populations, and are principally dependent upon the future cost of retiree medical benefits under the Company's OPEB plans. The Company expects its OPEB payments to approximate \$9 million in fiscal 2020. See Note 17—Retirement Benefit Obligations in the accompanying Consolidated Financial Statements.

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed in Note 16—Commitments and Contingencies in the accompanying Consolidated Financial Statements. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. The Company recognizes gain contingencies when the gain becomes realized or realizable. See Note 16—Commitments and Contingencies in the accompanying Consolidated Financial Statements.

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress, or as settlements or litigations occur.

CRITICAL ACCOUNTING POLICIES

An accounting policy is considered to be critical if it is important to the Company's financial condition and results and if it requires significant judgment and estimates on the part of management in its application. The development and selection of these critical accounting policies have been determined by management of the Company. See Note 2—Summary of Significant Accounting Policies in the accompanying Consolidated Financial Statements.

Long-lived assets

The Company's long-lived assets include goodwill, finite-lived and indefinite-lived intangible assets and property, plant and equipment. Assets acquired in business combinations are recorded at their estimated fair value at the date of acquisition. Goodwill is recorded as the difference between the cost of acquiring an entity and the estimated fair values assigned to its tangible and identifiable intangible net assets and is assigned to one or more reporting units for purposes of testing for impairment.

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Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. Identifying reporting units and assigning goodwill to them requires judgment involving the aggregation of business units with similar economic characteristics and the identification of existing business units that benefit from the acquired goodwill. The judgments made in determining the estimated fair value assigned to each class of long-lived assets acquired, their reporting unit, as well as their useful lives can significantly impact net income. The Company allocates goodwill to disposed businesses using the relative fair value method.

Goodwill and Indefinite-lived Intangible Assets

The Company tests goodwill and indefinite-lived intangibles for impairment on an annual basis in the fourth quarter and at other times if a significant event or change in circumstances indicates that it is more likely than not that the fair value of these assets has been reduced below their carrying value. The Company uses its judgment in assessing whether assets may have become impaired between annual impairment assessments. Indicators such as unexpected adverse economic factors, unanticipated technological change or competitive activities, loss of key personnel and acts by governments and courts, may signal that an asset has become impaired.

Under ASC 350, in assessing goodwill for impairment, the Company has the option to first perform a qualitative assessment to determine whether events or circumstances exist that lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company is not required to perform any additional tests in assessing goodwill for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine the fair value of the business, and compare the calculated fair value of a reporting unit with its carrying amount, including goodwill. The Company determines the fair value of a reporting unit primarily by using both a discounted cash flow analysis and market-based valuation approach.

Determining fair value requires the exercise of significant judgments, including judgments about appropriate discount rates, long-term growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows. During the fourth quarter of fiscal 2019, as part of the Company's long-range planning process, the Company completed its annual goodwill and indefinite-lived intangible asset impairment test.

The performance of the Company's annual impairment analysis resulted in \$87 million of impairments to goodwill and indefinite-lived intangible assets in fiscal 2019 primarily related to goodwill at a reporting unit within the News and Information Services segment. The fair values of the Company's reporting units in fiscal 2019 exceeded the respective carrying values in a range from approximately 0% to 54%. Significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 9.0% to 25.0%), long-term growth rates (ranging from 0.0% to 3.0%) and royalty rates (ranging from 0.5%-6.0%). Significant unobservable inputs utilized in the market approach valuation method were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 5%-10%). Significant increases (decreases) in royalty rates, growth rates, control premiums and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in royalty rates, growth rates, control premiums and multiples, would result in a significantly higher (lower) fair value measurement.

As of June 30, 2019, the News and Information Services and Subscription Video Services segments had reporting units with goodwill of approximately \$2.0 billion that is at-risk for future impairment, of which \$0.1 billion relates to the News and Information Services segment and \$1.9 billion relates to the Subscription Video Services segment. The fair values of these reporting units with goodwill at risk exceeded their respective carrying values in a range from approximately 0% to 5%. Significant unobservable inputs

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utilized in the income approach valuation method for at-risk reporting units were discount rates (ranging from 10.25% to 20%) and long-term growth rates (ranging from 1.1% to 2.0%). Significant unobservable inputs utilized in the market approach valuation method for at-risk reporting units were EBITDA multiples from guideline public companies operating in similar industries and a control premium of 10%. Any increase in the discount rate or decrease in the projected cash flows terminal growth rate would have resulted in a reporting unit of the News and Information Services segment and the Subscription Video Services segment failing the fiscal 2019 impairment analysis, which would have required the company to record an impairment charge equal to the difference between the fair value of the reporting unit and its carrying value. The Company will continue to monitor its goodwill for possible future impairment.

Property, Plant and Equipment

The Company evaluates the carrying value of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable, in accordance with ASC 360, “Property, Plant, and Equipment” (“ASC 360”). An asset group is the lowest level of assets and liabilities for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Events or circumstances that might warrant an impairment recoverability review include, among other things, material declines in operating performance, significant adverse market conditions and planned changes in the use of an asset group.

In determining whether the carrying value of an asset group is recoverable, the Company estimates undiscounted future cash flows over the estimated life of the primary asset of the asset group. The estimates of such future cash flows require estimating such factors as future operating performance, market conditions and the estimated holding period of each asset. If all or a portion of the carrying value of an asset group is found to be non-recoverable, the Company records an impairment charge equal to the difference between the asset group’s carrying value and its fair value. The Company generally measures fair value by considering sales prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Typical assumptions applied when using a market-based approach include projected EBITDA and related multiples. Typical assumptions applied when using an income approach include projected free cash flows, discount rates and long-term growth rates. All of these assumptions are made by management based on the best available information at the time of the estimates and are subject to deviations from actual results.

Programming Costs

Costs incurred in acquiring program rights or producing programs are accounted for in accordance with ASC 920, “Entertainment—Broadcasters.” Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable and the program is accepted and available for airing. Programming costs are amortized based on the expected pattern of consumption over the license period or expected useful life of each program. The pattern of consumption is based primarily on consumer viewership information as well as other factors. If initial airings are expected to generate higher viewership an accelerated method of amortization is used. The Company monitors its programming amortization policy on an ongoing basis and any impact arising from changes to the policy would be recognized prospectively. The Company regularly reviews its programming assets to ensure they continue to reflect net realizable value. Changes in circumstances may result in a write-down of the asset to fair value. The Company has single and multi-year contracts for broadcast rights of sporting events. The costs of sports contracts are primarily charged to expense over the respective season as events are aired. For sports contracts with dedicated channels, the Company amortizes the sports programming rights costs over 12 months.

Income Taxes

The Company is subject to income taxes in the U.S. and various foreign jurisdictions in which it operates and records its tax provision for the anticipated tax consequences in its reported results of operations. Tax laws are

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complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining the Company's tax expense and in evaluating its tax positions including evaluating uncertainties as promulgated under ASC 740, "Income Taxes."

The Company's annual tax rate is based primarily on its geographic income and statutory tax rates in the various jurisdictions in which it operates. Significant management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against the Company's net deferred tax assets, if any. In assessing the likelihood of realization of deferred tax assets, management considers estimates of the amount and character of future taxable income. The Company's actual effective tax rate and income tax expense could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, tax planning and the Company's forecasted financial condition and results of operations in future periods. Although the Company believes current estimates are reasonable, actual results could differ from these estimates.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Consolidated Financial Statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Significant management judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefits to be recorded in the Consolidated Financial Statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available. The Company's policy is to recognize, when applicable, interest and penalties on unrecognized income tax benefits as part of Income tax (expense) benefit.

Retirement Benefit Obligations

The Company's employees participate in various defined benefit pension and postretirement plans sponsored by the Company and its subsidiaries. See Note 17—Retirement Benefit Obligations in the accompanying Consolidated Financial Statements.

The Company records amounts relating to its pension and other postretirement benefit plans based on calculations specified by GAAP. The measurement and recognition of the Company's pension and other postretirement benefit plans require the use of significant management judgments, including discount rates, expected return on plan assets, mortality and other actuarial assumptions. Net periodic benefit costs (income) is calculated based upon a number of actuarial assumptions, including a discount rate for plan obligations, an expected rate of return on plan assets and mortality rates. Current market conditions, including changes in investment returns and interest rates, were considered in making these assumptions. In developing the expected long-term rate of return, the pension portfolio's past average rate of returns, and future return expectations of the various asset classes were considered. The weighted average expected long-term rate of return of 4.6% for fiscal 2020 is based on a weighted average target asset allocation assumption of 23% equities, 68% fixed-income securities and 9% cash and other investments.

The Company recorded (\$2) million and \$3 million in net periodic benefit (income) costs in the Statements of Operations for the fiscal years ended June 30, 2019 and 2018, respectively. The Company utilizes the full yield-curve approach to estimate the service and interest cost components of net periodic benefit costs for its pension and other postretirement benefit plans.

Although the discount rate used for each plan will be established and applied individually, a weighted average discount rate of 2.7% will be used in calculating the fiscal 2020 net periodic benefit costs (income). The discount rate reflects the market rate for high-quality fixed-income investments on the Company's annual measurement date of June 30 and is subject to change each fiscal year. The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be

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effectively settled. The rate was determined by matching the Company's expected benefit payments for the plans to a hypothetical yield curve developed using a portfolio of several hundred high-quality non-callable corporate bonds. The weighted average discount rate is volatile from year to year because it is determined based upon the prevailing rates in the U.S., the U.K., Australia and other foreign countries as of the measurement date.

The key assumptions used in developing the Company's fiscal 2019 and 2018 net periodic benefit costs (income) for its plans consist of the following:

	2019	2018
	(in millions, except %)	
Weighted average assumptions used to determine net periodic benefit costs (income)		
Discount rate for PBO	3.2%	3.0%
Discount rate for Service Cost	3.9%	3.9%
Discount rate for Interest on PBO	2.9%	2.6%
Discount rate for Interest on Service Cost	3.6%	3.5%
Assets:		
Expected rate of return	4.7%	5.1%
Expected return	\$ 61	\$ 70
Actual return	\$ 76	\$ 35
Gain/(Loss)	\$ 15	\$ (35)
One year actual return	5.9%	3.0%
Five year actual return	6.7%	7.3%

The Company will use a weighted average long-term rate of return of 4.6% for fiscal 2020 based principally on a combination of current asset mix and an expectation of future long term investment returns. The accumulated net pre-tax losses on the Company's pension plans as of June 30, 2019 were approximately \$484 million which increased from approximately \$442 million for the Company's pension plans as of June 30, 2018. This increase of \$42 million was primarily due to decreased discount rates. Lower discount rates increase present values of benefit obligations and increase the Company's deferred losses and also increase subsequent-year benefit costs. Higher discount rates decrease the present values of benefit obligations and reduce the Company's accumulated net loss and also decrease subsequent-year benefit costs. These deferred losses are being systematically recognized in future net periodic benefit costs (income) in accordance with ASC 715, "Compensation—Retirement Benefits." Unrecognized losses for the primary plans in excess of 10% of the greater of the market-related value of plan assets or the plan's projected benefit obligation are recognized over the average life expectancy for plan participants for the primary plans.

The Company made contributions of \$16 million and \$29 million to its funded pension plans in fiscal 2019 and 2018, respectively. Future plan contributions are dependent upon actual plan asset returns, statutory requirements and interest rate movements. Assuming that actual plan returns are consistent with the Company's expected plan returns in fiscal 2019 and beyond, and that interest rates remain constant, the Company anticipates that it will make contributions of approximately \$20 million in fiscal 2020. The Company will continue to make voluntary contributions as necessary to improve the funded status of the plans. See Note 18—Other Postretirement Benefits in the accompanying Consolidated Financial Statements.

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Changes in net periodic benefit costs may occur in the future due to changes in the Company’s expected rate of return on plan assets and discount rate resulting from economic events. The following table highlights the sensitivity of the Company’s pension obligations and expense to changes in these assumptions, assuming all other assumptions remain constant:

<u>Changes in Assumption</u>	<u>Impact on Annual Pension Expense</u>	<u>Impact on Projected Benefit Obligation</u>
0.25 percentage point decrease in discount rate	Increase \$1 million	Increase \$65 million
0.25 percentage point increase in discount rate	—	Decrease \$51 million
0.25 percentage point decrease in expected rate of return on assets	Increase \$3 million	—
0.25 percentage point increase in expected rate of return on assets	Decrease \$3 million	—

Recent Accounting Pronouncements

See Note 2—Summary of Significant Accounting Policies in the accompanying Consolidated Financial Statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to different types of market risk including changes in foreign currency rates, interest rates, stock prices and credit.

When deemed appropriate, the Company uses derivative financial instruments such as cross-currency interest rate swaps, interest rate swaps and foreign exchange contracts to hedge certain risk exposures. The primary market risks managed by the Company through the use of derivative instruments include:

- foreign currency exchange rate risk: arising primarily through Foxtel Debt Group borrowings denominated in U.S. dollars; and
- interest rate risk: arising from fixed and floating rate Foxtel Debt Group borrowings. The Company neither holds nor issues financial instruments for trading purposes.

The following sections provide quantitative information on the Company's exposure to foreign currency rate risk, interest rate risk and other relevant market risks. The Company makes use of sensitivity analyses that are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

Foreign Currency Exchange Rate Risk

The Company conducts operations in three principal currencies: the U.S. dollar; the Australian dollar; and the British pound sterling. These currencies operate primarily as the functional currency for the Company's U.S., Australian and U.K. operations, respectively. Cash is managed centrally within each of the three regions with net earnings reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, funding in the appropriate local currencies is made available from intercompany capital. The Company does not hedge its investments in the net assets of its Australian and U.K. operations.

Because of fluctuations in exchange rates, the Company is subject to currency translation exposure on the results of its operations. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to the Company's reporting currency (the U.S. dollar) for consolidation purposes. The Company does not hedge translation risk because it generally generates positive cash flows from its international operations that are typically reinvested locally. Exchange rates with the most significant impact to its translation include the Australian dollar and British pound sterling. As exchange rates fluctuate, translation of its Statements of Operations into U.S. dollars affects the comparability of revenues and expenses between years.

The table below details the percentage of revenues and expenses by the three principal currencies for the fiscal years ended June 30, 2019 and 2018:

	<u>U.S. Dollars</u>	<u>Australian Dollars</u>	<u>British Pound Sterling</u>
Fiscal year ended June 30, 2019			
Revenues	39%	41%	16%
Operating and Selling, general and administrative expenses	40%	38%	17%
Fiscal year ended June 30, 2018			
Revenues	43%	34%	18%
Operating and Selling, general and administrative expenses	44%	31%	19%

Based on the year ended June 30, 2019, a one cent change in each of the U.S. dollar/Australian dollar and the U.S. dollar/British pound sterling exchange rates would have impacted revenues by approximately \$58 million and \$12 million, respectively, for each currency on an annual basis, and would have impacted Total Segment EBITDA by approximately \$12 million and \$1 million, respectively, on an annual basis.

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Derivatives and Hedging

As a result of the Transaction, the Company consolidated Foxtel's portfolio of debt and derivative instruments. As of June 30, 2019, the Foxtel operating subsidiaries, whose functional currency is Australian dollars, had approximately \$575 million aggregate principal amount of outstanding indebtedness denominated in U.S. dollars. The remaining borrowings are denominated in Australian dollars. Foxtel utilizes cross-currency interest rate swaps, designated as both cash flow hedges and fair value hedges, to hedge a portion of the exchange risk related to interest and principal payments on its U.S. dollar denominated debt. The total notional value of these cross-currency interest rate swaps designated as cash flow hedges and fair value hedges were approximately A\$400 million and A\$100 million, respectively, as of June 30, 2019. Foxtel also has a portfolio of foreign exchange contracts to hedge a portion of the exchange risk related to U.S. dollar payments for license fees. The notional value of these foreign exchange contracts was \$9 million as of June 30, 2019.

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives not designated as accounting hedges to mitigate foreign currency and interest rate risk. These are referred to as economic hedges. The total notional value of these cross-currency interest rate derivatives classified as economic hedges was \$75 million as of June 30, 2019.

Some of the derivative instruments in place may create volatility during the fiscal year as they are marked-to-market according to accounting rules and may result in revaluation gains or losses in different periods from when the currency impact on the underlying transactions are realized.

The table below provides further details of the sensitivity of the Company's derivative financial instruments which are subject to foreign exchange rate risk and interest rate risk as of June 30, 2019 (in millions):

	Notional Value	Fair Value	Sensitivity from Adverse 10% Change in Foreign Exchange Rates	Sensitivity from Adverse 10% Change in Interest Rates
Foreign currency derivatives	US\$ 9	\$ 1	\$ (1)	n/a
Cross currency interest rate swaps	A\$ 575	139	(49)	\$ 2
Interest rate derivatives	A\$ 700	(20)	n/a	(1)

Any resulting changes in the fair value of the derivative financial instruments may be partially offset by changes in the fair value of certain balance sheet positions (primarily U.S. dollar denominated liabilities) impacted by the change in the foreign exchange rates. The ability to reduce the exposure of currencies on earnings depends on the magnitude of the derivatives compared to the balance sheet positions during each reporting cycle.

Interest Rate Risk

The Company's current financing arrangements and facilities include approximately \$650 million of outstanding fixed-rate debt and approximately \$800 million of outstanding variable-rate bank facilities, before adjustments for unamortized discount and debt issuance costs (See Note 9 —Borrowings in the accompanying Consolidated Financial Statements). Fixed and variable-rate debts are impacted differently by changes in interest rates. A change in the market interest rate or yield of fixed-rate debt will only impact the fair market value of such debt, while a change in the market interest rate of variable-rate debt will impact interest expense, as well as the amount of cash required to service such debt. In connection with these borrowings, Foxtel has utilized certain derivative instruments to swap U.S. dollar denominated fixed rate interest payments for Australian dollar denominated variable rate payments. As discussed above, Foxtel utilizes cross-currency interest rate swaps, designated as both cash flow hedges and fair value hedges, to hedge a portion of the interest rate risk related to interest and principal payments on its U.S. dollar denominated debt. The Company has also utilized certain derivative instruments to

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swap Australian dollar denominated variable interest rate payments for Australian dollar denominated fixed rate payments. As of June 30, 2019, the notional amount of interest rate swap contracts outstanding was approximately A\$700 million. Refer to the table above for further details of the sensitivity of the Company's financial instruments which are subject to interest rate risk.

Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. Upon adoption of ASU 2016-01 in the first quarter of fiscal 2019, any changes in fair value of the Company's common stock investments are recognized in the Statement of Operations. These investments had an aggregate fair value of approximately \$74 million as of June 30, 2019. A hypothetical decrease in the market price of these investments of 10% would result in a decrease in income of approximately \$7 million before tax.

Credit Risk

Cash and cash equivalents are maintained with multiple financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

The Company's receivables did not represent significant concentrations of credit risk as of June 30, 2019 or June 30, 2018 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of June 30, 2019, the Company did not anticipate nonperformance by any of the counterparties.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NEWS CORPORATION
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Management's Report on Internal Control Over Financial Reporting for June 30, 2019

Management of News Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, and for the assessment of the effectiveness of internal control over financial reporting. News Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of News Corporation;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America;
- provide reasonable assurance that receipts and expenditures of News Corporation are being made only in accordance with authorizations of management and directors of News Corporation; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices and actions taken to correct deficiencies as identified.

Because of its inherent limitations, internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, the assessment of the effectiveness of internal control over financial reporting was made as of a specific date. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Company's principal executive officer and principal financial officer, conducted an assessment of the effectiveness of News Corporation's internal control over financial reporting as of June 30, 2019, based on criteria for effective internal control over financial reporting described in the 2013 "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of News Corporation's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of News Corporation's Board of Directors.

Based on this assessment, management did not identify any material weakness in the Company's internal control over financial reporting, and management determined that, as of June 30, 2019, News Corporation maintained effective internal control over financial reporting.

Ernst & Young LLP, the independent registered public accounting firm who audited and reported on the Consolidated Financial Statements of News Corporation included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2019, has audited the Company's internal control over financial reporting. Their report appears on the following page.

August 13, 2019

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of News Corporation:

Opinion on Internal Control over Financial Reporting

We have audited News Corporation's internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, News Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of News Corporation as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended June 30, 2019, and the related notes (collectively referred to as the "consolidated financial statements") and our report dated August 13, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
New York, New York
August 13, 2019

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of News Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of News Corporation (the Company) as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended June 30, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of News Corporation at June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), News Corporation’s internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 13, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of News Corporation’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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Valuation of Goodwill

Description of the Matter

As reflected in the Company's consolidated financial statements, at June 30, 2019, the Company's goodwill was \$5.1 billion. As disclosed in Note 8 to the consolidated financial statements, goodwill is tested for impairment at least annually or more frequently if indicators of impairment require the performance of an interim impairment assessment.

Auditing management's goodwill impairment tests for the Company's reporting units was complex and highly judgmental due to the significant measurement uncertainty in determining the fair values of the reporting units. In particular, the fair value estimates were sensitive to changes in significant assumptions such as discount rate, revenue growth rate, operating margins, estimated spend on capital expenditures, the projected cash flow terminal growth rates and market multiples that are affected by expected future market or economic conditions. For instance, the revenue growth rates, operating margins and projected cash flow terminal growth rates are impacted by advertising trends in the News and Information Services segment and the Australian broadcast subscriber trends in the Subscription Video Services segment.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment assessment process. For example, we tested controls over the Company's long range planning process as well as controls over the review of the significant assumptions in estimating the fair values of the reporting units.

To test the fair values of the reporting units, our audit procedures included assessing methodologies and testing the significant assumptions and underlying data used by the Company. We evaluated the Company's long range plan by comparing the significant assumptions to current industry and economic trends, changes in the Company's business model, customer base or product mix and also assessed the historical accuracy of management's estimates. For example, for the reporting units within the News and Information Services segment, we audited management's forecasted advertising revenue streams to identify, understand and evaluate the changes as compared to the historical results. For the reporting unit within the Subscription Video Services segment, we audited the forecasted revenue by evaluating future subscriber growth, expected customer churn and new product launches. In addition, we also performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units resulting from changes in the assumptions. We also involved a valuation specialist to assist in evaluating the significant assumptions in the fair value estimate.

Valuation of Indefinite-Lived Intangible Assets

Description of the Matter

As reflected in the Company's consolidated financial statements, at June 30, 2019, the Company's indefinite-lived intangible assets were \$1.4 billion. As disclosed in Note 8 to the consolidated financial statements, indefinite-lived intangible assets are tested for impairment at least annually or more frequently if indicators of impairment require the performance of an interim impairment assessment.

Auditing management's indefinite-lived intangible assets impairment tests was complex and highly judgmental due to the significant measurement uncertainty in determining the fair values of the assets. For example, the fair value estimates for trademarks and tradenames were sensitive to significant assumptions such as discount rate, revenue growth rate, operating margins, royalty rates, and the projected cash flow terminal growth rates that are affected by expected future market or economic conditions.

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<i>How We Addressed the Matter in Our Audit</i>	<p>We tested controls over the Company’s indefinite-lived intangible asset impairment assessment process. This included testing of controls over the Company’s long range planning process as well as controls over the review of the significant assumptions used to estimate the fair values of the indefinite-lived intangible assets.</p> <p>To test the fair values of the indefinite-lived intangible assets, our audit procedures included assessing methodologies and testing the significant assumptions and underlying data used by the Company. For example, for trademarks and tradenames in the Subscription Video Services segment we audited the forecasted revenue by evaluating forecasted subscribers, expected customer churn and new product launches. We also evaluated the operating expense targets and forecasted operating margins included in the long range plan. Additionally, we compared the significant assumptions used by management to current industry and economic trends and changes in the Company’s business model, customer base or product mix. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the indefinite-lived intangible assets and also assessed the historical accuracy of management’s estimates. In addition, we involved a valuation specialist to assist in evaluating the significant assumptions in the fair value estimate.</p>
<i>Description of the Matter</i>	<p>Assessment of realizability of deferred tax assets</p> <p>As discussed in Note 19 to the consolidated financial statements, the Company records a valuation allowance based on the assessment of the realizability of the Company’s deferred tax assets. For the year-ended June 30, 2019, the Company had deferred tax assets before valuation allowances of \$1.7 billion.</p> <p>Auditing management’s assessment of recoverability of deferred tax assets in the U.S. and non-U.S. jurisdictions involved subjective estimation and complex auditor judgment in determining whether sufficient future taxable income will be generated to support the realization of the existing deferred tax assets before expiration.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls that address the risks of material misstatement relating to the realizability of deferred tax assets, including controls over management’s projections of future taxable income.</p> <p>Among other audit procedures performed, we evaluated the assumptions used by the Company to develop projections of future taxable income by income tax jurisdiction and tested the completeness and accuracy of the underlying data used in the projections. For example, we compared the projections of future taxable income with the actual results of prior periods, as well as management’s consideration of current industry and economic trends. We also compared the projections of future taxable income with other forecasted financial information prepared by the Company.</p>
<p>/s/ Ernst & Young LLP We have served as the Company’s auditor since 2012. New York, New York August 13, 2019</p>	

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NEWS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Notes	For the fiscal years ended June 30,		
		2019	2018	2017
Revenues:				
Circulation and subscription		\$ 4,104	\$ 3,021	\$ 2,470
Advertising		2,738	2,856	2,905
Consumer		1,679	1,664	1,573
Real estate		908	858	696
Other		645	625	495
Total Revenues	3	10,074	9,024	8,139
Operating expenses		(5,622)	(4,903)	(4,529)
Selling, general and administrative		(3,208)	(3,050)	(2,728)
Depreciation and amortization		(659)	(472)	(449)
Impairment and restructuring charges	5, 7, 8	(188)	(351)	(927)
Equity losses of affiliates	6	(17)	(1,006)	(295)
Interest (expense) income, net		(59)	(7)	39
Other, net	21	33	(324)	135
Income (loss) before income tax expense		354	(1,089)	(615)
Income tax expense	19	(126)	(355)	(28)
Net income (loss)		228	(1,444)	(643)
Less: Net income attributable to noncontrolling interests		(73)	(70)	(95)
Net income (loss) attributable to News Corporation stockholders		<u>\$ 155</u>	<u>\$ (1,514)</u>	<u>\$ (738)</u>
Net income (loss) available to News Corporation stockholders per share:	14			
Basic		\$ 0.27	\$ (2.60)	\$ (1.27)
Diluted		\$ 0.26	\$ (2.60)	\$ (1.27)

The accompanying notes are an integral part of these audited consolidated financial statements.

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NEWS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(IN MILLIONS)

	For the fiscal years ended June 30,		
	2019	2018	2017
Net income (loss)	\$ 228	\$ (1,444)	\$ (643)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(247)	(123)	84
Net change in the fair value of cash flow hedges ^(a)	2	4	—
Unrealized holding gains (losses) on securities, net ^(b)	—	27	(25)
Benefit plan adjustments, net ^(c)	(43)	128	8
Share of other comprehensive income from equity affiliates, net ^(d)	—	12	4
Other comprehensive (loss) income	(288)	48	71
Comprehensive loss	(60)	(1,396)	(572)
Less: Net income attributable to noncontrolling interests	(73)	(70)	(95)
Less: Other comprehensive loss (income) attributable to noncontrolling interests	58	42	(9)
Comprehensive loss attributable to News Corporation stockholders	\$ (75)	\$ (1,424)	\$ (676)

- (a) Net of income tax expense of \$1 million, \$2 million and nil for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.
- (b) Net of income tax expense (benefit) of \$1 million and \$(10) million for the fiscal years ended June 30, 2018 and 2017, respectively.
- (c) Net of income tax (benefit) expense of (\$10) million, \$28 million and \$8 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.
- (d) Net of income tax expense of nil, \$5 million and \$2 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

The accompanying notes are an integral part of these audited consolidated financial statements.

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NEWS CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Notes	As of June 30, 2019	2018
Assets:			
Current assets:			
Cash and cash equivalents		\$ 1,643	\$ 2,034
Receivables, net	2	1,544	1,612
Inventory, net		348	376
Other current assets		515	372
Total current assets		<u>4,050</u>	<u>4,394</u>
Non-current assets:			
Investments	6	335	393
Property, plant and equipment, net	7	2,554	2,560
Intangible assets, net	8	2,426	2,671
Goodwill	8	5,147	5,218
Deferred income tax assets	19	269	279
Other non-current assets	21	930	831
Total assets		<u>\$15,711</u>	<u>\$16,346</u>
Liabilities and Equity:			
Current liabilities:			
Accounts payable		\$ 411	\$ 605
Accrued expenses		1,328	1,340
Deferred revenue	3	428	516
Current borrowings	9	449	462
Other current liabilities	21	724	372
Total current liabilities		<u>3,340</u>	<u>3,295</u>
Non-current liabilities:			
Borrowings	9	1,004	1,490
Retirement benefit obligations	17	266	245
Deferred income tax liabilities	19	295	389
Other non-current liabilities		495	430
Commitments and contingencies	16		
Redeemable preferred stock	10	—	20
Class A common stock(a)		4	4
Class B common stock(b)		2	2
Additional paid-in capital		12,243	12,322
Accumulated deficit		(1,979)	(2,163)
Accumulated other comprehensive loss	21	(1,126)	(874)
Total News Corporation stockholders' equity		<u>9,144</u>	<u>9,291</u>
Noncontrolling interests		1,167	1,186
Total equity		<u>10,311</u>	<u>10,477</u>
Total liabilities and equity		<u>\$15,711</u>	<u>\$16,346</u>

- (a) **Class A common stock**, \$0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 385,580,015 and 383,385,353 shares issued and outstanding, net of 27,368,413 treasury shares at par at June 30, 2019 and June 30, 2018, respectively.
- (b) **Class B common stock**, \$0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at June 30, 2019 and June 30, 2018, respectively.

The accompanying notes are an integral part of these audited consolidated financial statements.

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NEWS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

		For the fiscal years ended June 30,		
	Notes	2019	2018	2017
Operating activities:				
Net income (loss)		\$ 228	\$ (1,444)	\$ (643)
Less: Income from discontinued operations, net of tax		—	—	—
Income (loss) from continuing operations		228	(1,444)	(643)
Adjustments to reconcile income (loss) from continuing operations to cash provided by operating activities:				
Depreciation and amortization		659	472	449
Equity losses of affiliates	6	17	1,006	295
Cash distributions received from affiliates		32	5	4
Impairment charges	7, 8	96	280	785
Other, net	21	(33)	324	(135)
Deferred income taxes and taxes payable	19	—	202	(95)
Change in operating assets and liabilities, net of acquisitions:				
Receivables and other assets		134	(128)	(58)
Inventories, net		(58)	(14)	15
Accounts payable and other liabilities		(147)	54	140
NAM Group settlement		—	—	(258)
Net cash provided by operating activities from continuing operations		928	757	499
Net cash used in operating activities from discontinued operations		—	—	(5)
Net cash provided by operating activities		928	757	494
Investing activities:				
Capital expenditures		(572)	(364)	(256)
Acquisitions, net of cash acquired		(188)	(77)	(347)
Investments in equity affiliates and other		(4)	(18)	(59)
Other investments		(34)	(33)	(39)
Proceeds from property, plant and equipment and other asset dispositions		103	138	271
Other		18	33	10
Net cash used in investing activities from continuing operations		(677)	(321)	(420)
Net cash used in investing activities from discontinued operations		—	—	—
Net cash used in investing activities		(677)	(321)	(420)
Financing activities:				
Borrowings	9	681	95	—
Repayment of borrowings	9	(1,116)	(213)	(23)
Dividends paid		(161)	(158)	(152)
Other, net		(14)	(122)	(42)
Net cash used in financing activities from continuing operations		(610)	(398)	(217)
Net cash used in financing activities from discontinued operations		—	—	—
Net cash used in financing activities		(610)	(398)	(217)
Net change in cash, cash equivalents and restricted cash		(359)	38	(143)
Cash, cash equivalents and restricted cash, beginning of year		2,034	2,016	2,147
Exchange movement on opening cash balance		(32)	(20)	12
Cash, cash equivalents and restricted cash, end of year		<u>\$ 1,643</u>	<u>\$ 2,034</u>	<u>\$ 2,016</u>

The accompanying notes are an integral part of these audited consolidated financial statements.

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NEWS CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(IN MILLIONS)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total News Corporation Equity	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance, June 30, 2016	380	\$ 4	200	\$ 2	\$ 12,434	\$ 150	\$ (1,026)	\$ 11,564	\$ 218	\$11,782
Net (loss) income	—	—	—	—	—	(738)	—	(738)	95	(643)
Other comprehensive income	—	—	—	—	—	—	62	62	9	71
Dividends	—	—	—	—	(58)	(60)	—	(118)	(34)	(152)
Other	2	—	—	—	19	—	—	19	(4)	15
Balance, June 30, 2017	382	4	200	2	12,395	(648)	(964)	10,789	284	11,073
Net (loss) income	—	—	—	—	—	(1,514)	—	(1,514)	70	(1,444)
Other comprehensive income (loss)	—	—	—	—	—	—	90	90	(42)	48
Foxtel transaction ^(a)	—	—	—	—	—	—	—	—	914	914
Dividends	—	—	—	—	(119)	—	—	(119)	(39)	(158)
Other	1	—	—	—	46	(1)	—	45	(1)	44
Balance, June 30, 2018	383	4	200	2	12,322	(2,163)	(874)	9,291	1,186	10,477
Cumulative impact from adoption of new accounting standards	—	—	—	—	—	32	(22)	10	10	20
Net income	—	—	—	—	—	155	—	155	73	228
Other comprehensive loss	—	—	—	—	—	—	(230)	(230)	(58)	(288)
Dividends	—	—	—	—	(117)	—	—	(117)	(44)	(161)
Other	3	—	—	—	38	(3)	—	35	—	35
Balance, June 30, 2019	386	\$ 4	200	\$ 2	\$ 12,243	\$ (1,979)	\$ (1,126)	\$ 9,144	\$ 1,167	\$10,311

(a) See Note 4—Acquisitions, Disposals and Other Transactions.

The accompanying notes are an integral part of these audited consolidated financial statements.

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NEWS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, “News Corporation,” “News Corp,” the “Company,” “we” or “us”) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, subscription video services in Australia, book publishing and digital real estate services.

In April 2018, News Corp and Telstra Corporation Limited (“Telstra”) combined their respective 50% interests in the Foxtel Group and News Corp’s 100% interest in FOX SPORTS Australia into a new company, NXE Australia Pty Ltd. (the “Transaction”) which the Company refers to herein as “Foxtel” for post-Transaction periods. Following the completion of the Transaction, News Corp owns a 65% interest in the combined business, with Telstra owning the remaining 35%. Consequently, the Company began consolidating the Foxtel Group in the fourth quarter of fiscal 2018. See Note 4—Acquisitions, Disposals and Other Transactions; Note 6—Investments; Note 8—Goodwill; Note 9—Borrowings; and Note 11—Financial Instruments and Fair Value Measurements. For periods prior to the completion of the Transaction, the Company continues to refer to its equity investment in the Foxtel Group as Foxtel.

Basis of presentation

The accompanying consolidated financial statements of the Company, which are referred to herein as the “Consolidated Financial Statements,” have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The Company’s financial statements as of and for the fiscal years ended June 30, 2019, 2018 and 2017 are presented on a consolidated basis.

The consolidated statements of operations are referred to herein as the “Statements of Operations.” The consolidated balance sheets are referred to herein as the “Balance Sheets.” The consolidated statements of cash flows are referred to herein as the “Statements of Cash Flows.”

The Company maintains a 52-53 week fiscal year ending on the Sunday closest to June 30 in each year. Fiscal 2019, fiscal 2018 and fiscal 2017 each included 52 weeks. All references to the fiscal years ended June 30, 2019, 2018 and 2017 relate to the fiscal years ended June 30, 2019, July 1, 2018 and July 2, 2017, respectively. For convenience purposes, the Company continues to date its consolidated financial statements as of June 30.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The Consolidated Financial Statements include the accounts of all majority-owned and controlled subsidiaries. In addition, the Company evaluates its relationships with other entities to identify whether they are variable interest entities (“VIEs”) as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810-10, “Consolidation” (“ASC 810-10”) and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. All significant intercompany accounts and transactions have been eliminated in consolidation, including the intercompany portion of transactions with equity method investees.

Changes in the Company’s ownership interest in a consolidated subsidiary where a controlling financial interest is retained are accounted for as capital transactions. When the Company ceases to have a controlling interest in a consolidated subsidiary the Company will recognize a gain or loss in the Statements of Operations upon deconsolidation.

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Reclassifications

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current fiscal year presentation. Specifically, in fiscal 2019, the Company reclassified Conference Sponsorship revenues at its Dow Jones reporting unit and Merchandising revenues at the News America Marketing reporting unit from Other revenues to Advertising revenues as the Company believes that the reclassification more accurately reflects the nature of those revenue streams. These revenue reclassifications totaled \$57 million and \$45 million for the fiscal years ended June 30, 2018 and 2017, respectively.

Use of estimates

The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Consolidated Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and other investments that are readily convertible into cash with original maturities of three months or less. The Company's cash and cash equivalents balance as of June 30, 2019 and 2018 also includes \$97 million and \$86 million, respectively, which is not readily accessible by the Company as it is held by REA Group Limited ("REA Group"), a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group's cash balance. The Company classifies cash as restricted when the cash is unavailable for use in its general operations. The Company had no restricted cash as of June 30, 2019 and 2018.

Concentration of credit risk

Cash and cash equivalents are maintained with multiple financial institutions. The Company has deposits held with banks that exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

Receivables, net

Receivables are presented net of an allowance for doubtful accounts, which is an estimate of amounts that may not be collectible. The allowance for doubtful accounts is estimated based on historical experience, receivable aging, current economic trends and specific identification of certain receivables that are at risk of not being collected.

Receivables, net consist of:

	As of June 30,	
	2019	2018
	(in millions)	
Receivables	\$1,590	\$1,829
Allowances for sales returns ^(a)	—	(171)
Allowances for doubtful accounts	(46)	(46)
Receivables, net	<u>\$1,544</u>	<u>\$1,612</u>

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- (a) As a result of the adoption of the new revenue recognition standard during fiscal 2019, the Company reclassified the allowance for sales returns from Receivables, net to Other current liabilities.

The Company's receivables did not represent significant concentrations of credit risk as of June 30, 2019 or June 30, 2018 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

Inventory, net

Inventory primarily consists of programming rights, books, newsprint and printing ink. In accordance with ASC 920, "Entertainment—Broadcasters", program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable and the program is accepted and available for airing. Programming costs are amortized based on the expected pattern of consumption over the license period or expected useful life of each program. The pattern of consumption is based primarily on consumer viewership information as well as other factors. The Company regularly reviews its programming assets to ensure they continue to reflect net realizable value. Changes in circumstances may result in a write-down of the asset to fair value.

Inventory for books and newsprint are valued at the lower of cost or net realizable value. Cost for non-programming inventory is determined by the weighted average cost method. The Company records a reserve for excess and obsolete inventory based upon a calculation using the historical usage rates, sales patterns of its products and specifically identified obsolete inventory.

Investments

The Company makes investments in various businesses in the normal course of business. The Company evaluates its relationships with other entities to identify whether they are VIEs in accordance with ASC 810-10 and whether the Company is the primary beneficiary. In determining whether the Company is the primary beneficiary of a VIE, it assesses whether it has the power to direct matters that most significantly impact the activities of the VIE and has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company would consolidate any investments in which it was determined to be the primary beneficiary of a VIE.

Investments in and advances to equity investments or joint ventures in which the Company has significant influence, but is not the primary beneficiary, and has less than a controlling voting interest, are accounted for using the equity method. Significant influence is generally presumed to exist when the Company owns an interest between 20% and 50% or when the Company has the ability to exercise significant influence. Under the equity method of accounting, the Company includes its investments and amounts due to and from such investments in its Balance Sheets. The Company's Statements of Operations include the Company's share of the investees' earnings (losses) and the Company's Statements of Cash Flows include all cash received from or paid to the investee.

The difference between the Company's investment and its share of the fair value of the underlying net tangible assets of the investee upon acquisition is first allocated to either finite-lived intangibles, indefinite-lived intangibles or other assets and liabilities and the balance is attributed to goodwill. The Company follows ASC 350, "Intangibles—Goodwill and Other" ("ASC 350"), which requires that equity method finite-lived intangibles be amortized over their estimated useful life. Such amortization is reflected in Equity (losses) earnings of affiliates in the Statements of Operations. Indefinite-lived intangibles and goodwill are not amortized.

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Investments in which the Company has no significant influence (generally less than a 20% ownership interest) or does not have the ability to exercise significant influence are accounted for in accordance with Accounting Standards Update (“ASU”) 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). Gains and losses on equity securities with readily determinable fair market value are recorded in Other, net in the Statement of Operations. Equity securities without readily determinable fair market values are valued at cost, less any impairment, plus or minus changes in fair value resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. See Note 6—Investments.

Financial instruments and derivatives

The carrying value of the Company’s financial instruments, including cash and cash equivalents, approximate fair value. The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange, trading in an over-the-counter market which are considered to be Level 2 measurements or unobservable inputs that require the Company to use its own best estimates about market participant assumptions which are considered to be Level 3 measurements. See Note 11—Financial Instruments and Fair Value Measurements.

ASC 815, “Derivatives and Hedging” (“ASC 815”) requires derivative instruments to be recorded on the balance sheet at fair value as either an asset or a liability. ASC 815 also requires that changes in the fair value of recorded derivatives be recognized currently in the Statements of Operations unless specific hedge accounting criteria are met.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. On an ongoing basis, the Company assesses whether the financial instruments used in hedging transactions continue to be highly effective. The ineffective portion of a financial instrument’s change in fair value is immediately recognized in the Statements of Operations in Other, net.

The Company determines the fair values of its derivatives using standard valuation models. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the Company’s exposure to the financial risks. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates and foreign currency exchange rates. The Company does not view the fair values of its derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. All of the Company’s derivatives are over-the-counter instruments with liquid markets. The carrying values of the derivatives reflect the impact of master netting agreements which allow the Company to net settle positive and negative positions with the same counterparty. As the Company does not intend to settle any derivatives at their net positions, derivative instruments are presented gross in the Balance Sheets. See Note 11—Financial Instruments and Fair Value Measurements.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of June 30, 2019, the Company did not anticipate nonperformance by any of the counterparties.

Cash flow hedges

Cash flow hedges are used to mitigate the Company’s exposure to variability in cash flows that is attributable to particular risk associated with a highly probable forecasted transaction or a recognized asset or liability which

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could affect income or expenses. The effective portion of the gain or loss on the hedging instrument is recognized directly in Accumulated other comprehensive loss, while the ineffective portion is recognized in the Statements of Operations in Other, net. Amounts recorded in Accumulated other comprehensive loss are recognized in the Statements of Operations when the hedged forecasted transaction impacts income or if the forecasted transaction is no longer expected to occur.

Fair value hedges

Fair value hedges are used to mitigate the Company's exposure to changes in the fair value of a recognized asset or liability, or an identified portion thereof that is attributable to a particular risk and could affect income or expenses. The hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. The Company records the changes in the fair value of these items in the Statements of Operations.

Economic hedges

Derivatives not designated as accounting hedge relationships are referred to as economic hedges. Economic hedges are those derivatives which the Company uses to mitigate their exposure to variability in the cash flows of a forecasted transaction or the fair value of a recognized asset or liability, but which do not qualify for hedge accounting in accordance with ASC 815. The economic hedges are adjusted to fair value each period in Other, net in the Statements of Operations.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of 3 to 50 years. Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. Costs associated with the repair and maintenance of property, plant and equipment are expensed as incurred. Changes in circumstances, such as technological advances or changes to the Company's business model or capital strategy, could result in the actual useful lives differing from the Company's estimates. In those cases where the Company determines that the useful life of buildings and equipment should be changed, the Company would depreciate the asset over its revised remaining useful life, thereby increasing or decreasing depreciation expense.

Operating leases

For operating leases, minimum lease payments, including minimum scheduled rent increases, are recognized as rent expense on a straight-line basis over the applicable lease terms. The term used for straight-line rent expense is calculated beginning on the date that the Company obtains possession of the leased premises through the expected lease termination date.

Capitalized software

In accordance with ASC 350-40 "Internal-use Software," the Company capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Costs incurred in the preliminary project stage are expensed. All direct costs incurred to develop internal-use software during the development stage are capitalized and amortized using the straight-line method over the estimated useful life, generally 2 to 13 years. Costs such as maintenance and training are expensed as incurred. Research and development costs are also expensed as incurred.

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Upon adoption of ASU 2018-15, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-24): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract” (“ASU 2018-15”), the Company evaluates upfront costs, including implementation, set-up or other costs (collectively, “implementation costs”), for hosting arrangements under the internal-use software framework. Costs related to preliminary project activities and post implementation activities are expensed as incurred, whereas costs incurred in the development stage are generally capitalized as prepaid assets within Other Current Assets in the Balance Sheet. Capitalized implementation costs are amortized on a straight-line basis over the expected term of the hosting arrangement, which includes consideration of the non-cancellable contractual term and reasonably certain renewals. Amortization of capitalized implementation costs is included in the same line item in the Statements of Operations as the expense for fees for the associated hosting arrangement.

Royalty advances to authors

Royalty advances are initially capitalized and subsequently expensed as related revenues are earned or when the Company determines future recovery is not probable. The Company has a long history of providing authors with royalty advances, and it tracks each advance earned with respect to the sale of the related publication. Historically, the longer the unearned portion of the advance remains outstanding, the less likely it is that the Company will recover the advance through the sale of the publication. The Company applies this historical experience to its existing outstanding royalty advances to estimate the likelihood of recovery and a provision is established to write-off the unearned advance, usually between 12 and 24 months after initial publication of the first format. Additionally, the Company reviews its portfolio of royalty advances for unpublished titles to determine if individual royalty advances are not recoverable for discrete reasons, such as the death of an author prior to completion of a title or titles, a Company decision to not publish a title, poor market demand or other relevant factors that could impact recoverability. Based on this information, the portion of any advance that the Company believes is not recoverable is expensed.

Goodwill and intangible assets

The Company has goodwill and intangible assets, including trademarks and tradenames, newspaper mastheads, distribution networks, publishing imprints, radio broadcast licenses, publishing rights and customer relationships. Goodwill is recorded as the difference between the cost of acquiring entities or businesses and amounts assigned to their tangible and identifiable intangible net assets. In accordance with ASC 350, the Company’s goodwill and indefinite-lived intangible assets are tested annually during the fourth quarter for impairment or earlier if events occur or circumstances change that would more likely than not reduce the fair values below their carrying amounts. Intangible assets with finite lives are amortized over their estimated useful lives.

Goodwill is reviewed for impairment at a reporting unit level. Reporting units are determined based on an evaluation of the Company’s operating segments and the components making up those operating segments. For purposes of its goodwill impairment review, the Company has identified Dow Jones, the Australian newspapers, the U.K. newspapers, News America Marketing, Unruly Holdings Limited (“Unruly”), Storyful Limited (“Storyful”), Wireless Group plc (“Wireless Group”), Foxtel, Australian News Channel (“ANC”), HarperCollins, REA Group and Move, Inc. (“Move”), as its reporting units. During fiscal 2017, the Company early adopted ASU 2017-04, “Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”) which eliminates Step 2 from the goodwill impairment test and instead requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and to recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value.

In accordance with ASC 350, in assessing goodwill for impairment, the Company has the option to first perform a qualitative assessment to determine whether events or circumstances exist that lead to a determination that it is

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more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company is not required to perform any additional tests in assessing goodwill for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine the fair value of the business, and compare the calculated fair value of a reporting unit with its carrying amount, including goodwill. If through a quantitative analysis the Company determines the fair value of a reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not to be impaired. If the Company concludes that the fair value of the reporting unit is less than its carrying value, an impairment will be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

The Company also performs impairment reviews on its indefinite-lived intangible assets, including trademarks and tradenames, newspaper mastheads, distribution networks, publishing imprints and radio broadcast licenses. Newspaper mastheads and book publishing imprints are reviewed on an aggregated basis in accordance with ASC 350. Distribution networks, trademarks and tradenames and radio broadcast licenses are reviewed individually. In assessing its indefinite-lived intangible assets for impairment, the Company has the option to first perform a qualitative assessment to determine whether events or circumstances exist that lead to a determination that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company is not required to perform any additional tests in assessing the asset for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine if the fair value of an indefinite-lived intangible asset is less than its carrying value. If through a quantitative analysis the Company determines the fair value of an indefinite-lived intangible asset exceeds its carrying amount, the indefinite-lived intangible asset is considered not to be impaired. If the Company concludes that the fair value of an indefinite-lived intangible asset is less than its carrying value, an impairment will be recognized for the amount by which the carrying amount exceeds the indefinite-lived intangible asset's fair value.

The methods used to estimate the fair value measurements of the Company's reporting units and indefinite-lived intangible assets include those based on the income approach (including the discounted cash flow, relief-from-royalty and excess earnings methods) and those based on the market approach (primarily the guideline public company method). The resulting fair value measurements of the assets are considered to be Level 3 measurements. Determining fair value requires the exercise of significant judgments, including judgments about appropriate discount rates, long-term growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows. The cash flows employed in the analyses are based on the Company's estimated outlook and various growth rates are assumed for years beyond the long-term business plan period. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting units. In assessing the reasonableness of its determined fair values, the Company evaluates its results against other value indicators, such as comparable public company trading values.

When a business within a reporting unit is disposed of, goodwill is allocated to the disposed business using the relative fair value method.

Borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received. Transaction costs are recorded within current borrowings (current portion) and non-current borrowings (long-term portion) in the Consolidated Balance Sheets. They are subsequently recognized at amortized cost using the effective interest

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method. Debt may be considered extinguished when it has been modified and the terms of the new debt instruments and old debt instruments are substantially different, as that term is defined in the debt modification guidance in ASC 470-50 “Debt—Modifications and Extinguishments.” The Company classifies the current portion of long term debt as non-current liabilities on the Balance Sheets when it has the intent and ability to refinance the obligation on a long-term basis, in accordance with ASC 470-50 “Debt.”

Retirement benefit obligations

The Company provides defined benefit pension, postretirement healthcare and defined contribution benefits to the Company’s eligible employees and retirees. The Company accounts for its defined benefit pension, postretirement healthcare and defined contribution plans in accordance with ASC 715, “Compensation—Retirement Benefits” (“ASC 715”). The expense recognized by the Company is determined using certain assumptions, including the discount rate, expected long-term rate of return of pension assets and mortality rates, among others. The Company recognizes the funded status of its defined benefit plans (other than multiemployer plans) as an asset or liability in the Balance Sheets and recognizes changes in the funded status in the year in which the changes occur through Accumulated other comprehensive loss in the Balance Sheets.

Fair value measurements

The Company has various financial instruments that are measured at fair value on a recurring basis, including certain marketable securities and derivatives. The Company also applies the provisions of fair value measurement to various non-recurring measurements for the Company’s non-financial assets and liabilities. With the exception of investments measured using the net asset value per share practical expedient prescribed in ASU 2015-07, “Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)” or ASC 2016-01 described above, the Company measures assets and liabilities in accordance with ASC 820, “Fair Value Measurements” (“ASC 820”), using inputs from the following three levels of the fair value hierarchy: (i) inputs that are quoted prices in active markets for identical assets or liabilities (“Level 1”); (ii) inputs other than quoted prices included within Level 1 that are observable, including quoted prices for similar assets or liabilities (“Level 2”); and (iii) unobservable inputs that require the entity to use its own best estimates about market participant assumptions (“Level 3”). See Note 11—Financial Instruments and Fair Value Measurements.

The Company’s assets measured at fair value on a nonrecurring basis include investments, long-lived assets, indefinite-lived intangible assets and goodwill. The Company reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually during the fourth quarter for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Asset impairments

Investments

Equity method investments are regularly reviewed to determine whether a significant event or change in circumstances has occurred that may impact the fair value of each investment. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline in market value has occurred, including the length of time and extent to which the market value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any

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anticipated recovery in market value and other factors influencing the fair market value, such as general market conditions.

During fiscal 2019, the Company adopted ASU 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). Prior to the adoption of ASU 2016-01, the Company regularly reviewed its investments in equity securities for impairments based on criteria that included the extent to which an investment’s carrying value exceeded its related market value, the duration of the market decline, the Company’s ability to hold its investment until recovery and the investment’s financial strength and specific prospects. As a result of the adoption of ASU 2016-01, the Company remeasures the value of these equity securities each quarter and includes the impact from the remeasurement in Other, net in the Statements of Operations.

Long-lived assets

ASC 360, “Property, Plant, and Equipment” (“ASC 360”) and ASC 350 require the Company to periodically review the carrying amounts of its long-lived assets, including property, plant and equipment and finite-lived intangible assets, to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated by such asset, an impairment adjustment is recognized if the carrying value of such asset exceeds its fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value, less their costs to sell.

Treasury Stock

The Company accounts for treasury stock using the cost method. Upon the retirement of treasury stock, the Company allocates the value of treasury shares between common stock, additional paid-in capital and retained earnings. All shares repurchased to date have been retired.

Revenue recognition

During fiscal 2019, the Company adopted ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”) on a modified retrospective basis, which amended the FASB ASC by creating Topic 606, “Revenue from Contracts with Customers” (“ASC 606”). Under ASC 606, revenue is recognized when or as the Company satisfies its respective performance obligations under each contract.

Circulation and subscription revenues

Circulation and subscription revenues include single-copy newspaper, newspaper subscription, information services subscription and pay television broadcast subscription revenues. Circulation revenues are based on the number of copies of the printed newspaper (through home-delivery subscriptions and single-copy sales) and/or digital subscriptions sold, and the associated rates charged to the customers. Single-copy revenue is recognized at a point in time on the date the newspapers are sold to distribution outlets, net of provisions for related returns.

Revenues from home delivery and digital subscriptions are recognized over the subscription term as the newspapers and/or digital subscriptions are delivered. Information services subscription revenues are recognized

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over time as the subscriptions are delivered. Payments from subscribers are generally due at the beginning of the month and are recorded as deferred revenue. Such amounts are recognized as revenue as the associated subscription is delivered.

Revenue generated from subscriptions to receive pay television broadcast, OTT services, broadband and home phone services for residential and commercial subscribers is recognized over time on a monthly basis as the services are provided. Payment is generally received monthly in advance of providing services, and is deferred upon receipt. Such amounts are recognized as revenue as the related services are provided.

Advertising revenues

Revenue from print advertising is recognized at the point in time the print advertisement is published. Broadcast advertising revenue is recognized over the time that the broadcast advertisement is aired. For impressions-based digital advertising, revenues are recognized as impressions are delivered over the term of the arrangement, while revenue from non-impressions-based digital advertising is recognized over the period that the advertisements are displayed. Such amounts are recognized net of agency commissions and provisions for estimated sales incentives, including rebates, rate adjustments or discounts.

Advertising revenues earned from integrated marketing services are recognized at the point in time when free-standing inserts are published. Revenues earned from in-store marketing services are partially recognized upon installation, with the remaining revenue recognized over the in-store campaign.

The Company enters into transactions that involve the exchange of advertising, in part, for other products and services, which are recorded at the estimated fair value of the product or service received. If the fair value of the product or service received cannot be reliably determined, the value is measured indirectly by reference to the standalone selling price of the advertising provided by the Company. Revenue from nonmonetary transactions is recognized when services are performed, and expenses are recognized when products are received or services are incurred.

Billings to clients and payments received in advance of performance of services or delivery of products are recorded as deferred revenue until the services are performed or the product is delivered. Payment for advertising services is typically due shortly after the Company has satisfied its performance obligation to print, broadcast or place the advertising specified in the contract. For advertising campaigns that extend beyond one month, the Company generally invoices the advertiser in arrears based on the number of advertisements that were printed, broadcast or placed, or impressions delivered during the month.

Consumer revenues

Revenue from the sale of physical books and electronic books ("e-books") is recognized at the point in time of physical receipt by the customer or electronic delivery. Such amounts are recorded net of provisions for returns and payments to customers. If the Company prohibits its customer from selling a physical book until a future date, it recognizes revenue when that restriction lapses.

Revenue is recognized net of any amounts billed to customers for taxes remitted to government authorities. Payments for the sale of physical books and e-books are generally collected within one to three months of sale or delivery and are based on the number of physical books or e-books sold.

Real Estate revenues

Real estate revenues are derived from the sale of online real estate listing products and advanced client management and reporting products, as well as services to agents, brokers and developers. Revenue is typically

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recognized over the contractual period during which the services are provided. Payments are generally due monthly over the subscription term.

With the acquisition of Opicity Inc. ("Opicity"), the Company began providing certain leads to agents and brokers at no upfront cost with the Company receiving a portion of the agent sales commission at the time a home transaction is closed. As the amount of revenues is based on several factors outside of the Company's control including home prices, revenue is recognized when a real estate transaction is closed and any variability no longer exists.

Other revenues

Other revenues are recognized when the related services are performed or the product has been delivered.

Contracts with multiple performance obligations

The Company has certain revenue contracts which contain multiple performance obligations such as print and digital advertising bundles and bundled video service subscriptions. Revenues derived from sales contracts that contain multiple products and services are allocated based on the relative standalone selling price of each performance obligation to be delivered. Standalone selling price is typically determined based on prices charged to customers for the same or similar goods or services on a standalone basis. If observable standalone prices are not available, the Company estimates standalone selling price by maximizing the use of observable inputs to most accurately reflect the price of each individual performance obligation. Revenue is recognized as each performance obligation included in the contract is satisfied.

Identification of a customer and gross versus net revenue recognition

In the normal course of business, the Company acts as or uses an intermediary or agent in executing transactions with third parties. When the intermediary or agent is determined to be the Company's customer, the Company records revenue based on the amount it expects to receive from the agent or intermediary.

In other circumstances, the determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Company serves as the principal in transactions in which it controls the goods or services prior to being transferred to the ultimate customer.

Sales returns

Certain of the Company's products, such as books and newspapers, are sold with the right of return. The Company records the estimated impact of such returns as a reduction of revenue. To estimate product sales that will be returned and the related products that are expected to be placed back into inventory, the Company analyzes historical returns, current economic trends, changes in customer demand and acceptance of the Company's products. Based on this information, the Company reserves a percentage of each dollar of product sales that provide the customer with the right of return. As a result of the adoption of ASC 606, the Company reclassified its sales returns reserve from Receivables, net to Other current liabilities.

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Subscriber acquisition costs

Costs related to the acquisition of subscription video service customers primarily consist of amounts paid for third-party customer acquisitions, which consist of the cost of commissions paid to authorized retailers and dealers for subscribers added through their respective distribution channels and the cost of hardware and installation subsidies for subscribers. All costs, including hardware, installation and commissions, are expensed upon activation, except where legal ownership of the equipment is retained, in which case the cost of the equipment and direct and indirect installation costs are capitalized and depreciated over the respective useful life.

Advertising expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, "Other Expenses—Advertising Cost." Advertising and promotional expenses recognized totaled \$669 million, \$663 million and \$587 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Shipping and handling

Costs incurred for shipping and handling are reflected in Operating expenses in the Statements of Operations.

Translation of foreign currencies

The financial results and position of foreign subsidiaries and affiliates are translated into U.S. dollars using the current rate method, whereby operating results are converted at the average rate of exchange for the period and assets and liabilities are converted at the closing rates on the period end date. The resulting translation adjustments are accumulated as a component of Accumulated other comprehensive loss. Gains and losses from foreign currency transactions are generally included in income for the period.

Income taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established where management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company recognizes interest and penalty charges related to unrecognized tax benefits as income tax expense.

The Company has not provided for taxes on undistributed earnings attributable to certain foreign subsidiaries. It is the Company's intention to reinvest in these subsidiaries indefinitely as the Company does not anticipate the need to repatriate funds to satisfy domestic liquidity needs. An actual repatriation from these subsidiaries could be subject to foreign withholding taxes and U.S. state taxes. Calculation of the unrecognized tax liabilities is not practicable.

Following the enactment of the Tax Cut and Jobs Act (the "Tax Act") (See Note 19—Income Taxes), the Company has elected to account for the tax on GILTI as a period cost and thus has not adjusted any net deferred tax assets of its foreign subsidiaries for the new tax. However, the Company has considered the potential impact of GILTI and BEAT on its U.S. federal net operating loss ("NOL") carryforward and determined that the projected tax benefit to be received from its NOL carryforward may be reduced due to these provisions. As such, the Company has recorded a valuation allowance on its U.S. federal NOL carryforward for the reduction in the projected tax benefit upon utilization.

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Earnings (loss) per share

Basic earnings (loss) per share for Class A Common Stock and Class B Common Stock is calculated by dividing Net income (loss) available to News Corporation stockholders by the weighted average number of shares of Class A Common Stock and Class B Common Stock outstanding. Diluted earnings (loss) per share for Class A Common Stock and Class B Common Stock is calculated similarly, except that the calculation includes the dilutive effect of the assumed issuance of shares issuable under the Company's equity-based compensation plans. See Note 14—Earnings (Loss) Per Share.

Equity-based compensation

Equity-based awards are accounted for in accordance with ASC 718, "Compensation—Stock Compensation" ("ASC 718"). ASC 718 requires that the cost resulting from all share-based payment transactions be recognized in the Consolidated Financial Statements. ASC 718 establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all companies to apply a fair-value-based measurement method in accounting for generally all share-based payment transactions with employees.

Recently Issued Accounting Pronouncements

Adopted

In May 2014, the FASB issued ASU 2014-09, which amended ASC 606. ASU 2014-09 removes inconsistencies and differences in revenue recognition requirements between GAAP and International Financial Reporting Standards and requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The FASB also issued several standards which provided additional clarification and implementation guidance on ASU 2014-09. The Company adopted ASU 2014-09 and subsequent related standards on a modified retrospective basis as of July 1, 2018. As a result, the Company recorded a \$20 million decrease to Accumulated deficit as of July 1, 2018 to reflect the cumulative impact of its adoption of ASC 606. See Note 3—Revenues.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company adopted the guidance on a cumulative-effect basis for its investments with readily determinable fair values effective July 1, 2018. In accordance with ASU 2016-01, the cumulative net unrealized gains (losses) for these investments contained within Accumulated other comprehensive loss were reclassified through Accumulated deficit as of July 1, 2018, and the Company recorded a \$22 million decrease to Accumulated deficit. The Company has elected to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. There was no financial statement impact upon adoption for these investments. See Note 6—Investments and Note 21—Additional Financial Information.

In March 2017, the FASB issued ASU 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"). The amendments in ASU 2017-07 require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the

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period. The other components of net periodic benefit cost (income) as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. ASU 2017-07 allows for a practical expedient that permits a company to use the amounts disclosed in its pension and other postretirement benefit plans note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. ASU 2017-07 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company adopted ASU 2017-07 utilizing the practical expedient. The other components of net periodic benefit cost (income) are included in Other, net in the Statements of Operations. The adoption did not have a material impact on the Company's Consolidated Financial Statements.

In June 2018, the FASB issued ASU 2018-07, "Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting" ("ASU 2018-07"). The amendments in ASU 2018-07 expanded the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. As permitted by ASU 2018-07, the Company early-adopted this standard and the adoption did not have a material impact on the Company's Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). The amendments in ASU 2018-14 modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. ASU 2018-14 eliminates the disclosures for amounts in Accumulated other comprehensive loss expected to be recognized as a component of net periodic benefit cost (income) and the effect of a percentage change in health care cost trend rate. As permitted by ASU 2018-14, the Company early adopted this standard. See Note 17—Retirement Benefit Obligations.

In August 2018, the FASB issued ASU 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2018-15"). The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). As permitted by ASU 2018-15, the Company early-adopted this standard on a prospective basis. The adoption did not have a material impact on the Company's Consolidated Financial Statements.

Issued

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). The amendments in ASU 2016-02 require lessees to recognize all leases on the balance sheet by recording a right-of-use asset and a lease liability, and lessor accounting has been updated to align with the new requirements for lessees. The new standard also provides changes to the existing sale-leaseback guidance. ASU 2016-02 is effective for the Company for annual and interim reporting periods beginning July 1, 2019. The FASB has also issued additional standards which provide additional clarification and implementation guidance on the previously issued ASU 2016-02 and have the same effective date as the original standard. The Company plans to apply this guidance on a modified retrospective basis at the beginning of the period of adoption through a cumulative-effect adjustment to retained earnings, with no restatement of prior periods. The Company is in the process of finalizing its inventory of lease contracts and implementing processes and controls to enable the preparation of the required financial information for this standard. The Company is also finalizing the testing of its lease management system and the implementation process. The Company plans to elect the package of practical expedients

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permitted under the transition guidance within the new standard. The Company plans to elect the practical expedient to combine lease and non-lease components for all asset classes. The Company also plans to elect the short-term lease exception to keep leases with an initial term of twelve months or less off of the balance sheet. The Company is continuing to evaluate the impact ASU 2016-02 will have on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). The amendments in ASU 2016-13 require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. ASU 2016-13 is effective for the Company for annual and interim reporting periods beginning July 1, 2020. The Company is currently evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities” (“ASU 2017-12”). The amendments in ASU 2017-12 more closely align the results of cash flow and fair value hedge accounting with risk management activities through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results in the financial statements. The amendments address specific limitations in current GAAP by expanding hedge accounting for both nonfinancial and financial risk components and by refining the measurement of hedge results to better reflect an entity’s hedging strategies. ASU 2017-12 is effective for the Company for annual and interim reporting periods beginning July 1, 2019. The Company is currently evaluating the impact ASU 2017-12 will have on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, “Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (“ASU 2018-02”). The amendments in ASU 2018-02 provide a reclassification from Accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act (as defined below). See Note 19—Income Taxes. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Act and will improve the usefulness of information reported to financial statement users. ASU 2018-02 is effective for the Company for annual and interim reporting periods beginning July 1, 2019. The Company is currently evaluating the impact ASU 2018-02 will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). ASU 2018-13 removes, modifies and adds certain disclosure requirements in Topic 820, “Fair Value Measurement.” ASU 2018-13 eliminates certain disclosures related to transfers and the valuation process, modifies disclosures for investments that are valued based on net asset value, clarifies the measurement uncertainty disclosure, and requires additional disclosures for Level 3 fair value measurements. ASU 2018-13 is effective for the Company for annual and interim reporting periods beginning July 1, 2020. The Company is currently evaluating the impact ASU 2018-13 will have on the disclosures included in its consolidated financial statements.

NOTE 3. REVENUES

On July 1, 2018, the Company adopted ASC 606 on a modified retrospective basis for all contracts which were not completed as of the adoption date. Results for reporting periods beginning after July 1, 2018 are presented under ASC 606 while prior periods have not been restated. Under ASC 606, revenue is recognized when or as the Company satisfies its respective performance obligations under each contract. The Company recorded a \$20 million decrease to Accumulated deficit as of July 1, 2018 to reflect the cumulative impact of its adoption of ASC 606.

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When implementing ASC 606, the Company applied the practical expedient to reflect the aggregate effect of all contract modifications occurring before the beginning of the earliest period presented when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.

The adoption of ASC 606 primarily resulted in the following changes related to the Company's revenue recognition policies:

- **Reclassification of certain payments to customers**
For certain revenue streams within the Subscription Video Services, Book Publishing and News and Information Services segments, the Company previously recorded certain marketing and sales incentive payments to customers within Operating expenses and Selling, general and administrative expenses. In accordance with ASC 606, such payments are now recorded as a reduction of revenue. For the fiscal year ended June 30, 2019, revenues were \$113 million lower as a result of this reclassification, with no impact on the Company's net income.
- **Deferred installation revenues in the Subscription Video Services segment**
Under ASC 606, each customer subscription sold is accounted for as a distinct performance obligation. Installation services are not accounted for as a distinct performance obligation and are instead included within the overall services being provided. Therefore, installation revenues are deferred and recognized over the respective customer contract term. Historically, installation revenues were deferred and recognized over the estimated customer life. For the fiscal year ended June 30, 2019, revenues were \$23 million higher as a result of the adoption of ASC 606.
- **Acceleration of revenue associated with REA Group's financial services business**
The Company has historically delayed the recognition of trailing commission revenue associated with REA Group's financial services business until such amounts became fixed or determinable. Under ASC 606, trailing commission revenue is recognized when the related mortgage loan is established. As a result, the Company established a commission receivable of \$121 million and a broker commission payable of \$94 million as of July 1, 2018. The current portion of the commission receivable and broker commission payable are classified in Receivables, net and Other current liabilities, respectively, with the non-current portion of each classified within Other non-current assets and liabilities, respectively, in the Balance Sheets. The change in accounting for trailing commission revenue did not have a material impact on the Statement of Operations.

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The Company's revenues and expenses for the fiscal year ended June 30, 2019 and the opening balance sheet as of July 1, 2018 under both ASC 606 and the prior standard, ASC 605 are as follows:

	For the fiscal year ended June 30, 2019		
	ASC 605	Effects of Adoption (in millions)	ASC 606
Revenue:			
Circulation and subscription	\$ 4,092	\$ 12	\$ 4,104
Advertising	2,743	(5)	2,738
Consumer	1,744	(65)	1,679
Real estate	908	—	908
Other	659	(14)	645
Total Revenues	\$10,146	\$ (72)	\$10,074
Operating expenses and Selling, general and administrative	\$ (8,925)	\$ 95	\$ (8,830)
Net income	\$ 212	\$ 16	\$ 228

	As of July 1, 2018		
	ASC 605	Effects of Adoption (in millions)	ASC 606
Assets:			
Receivables, net	\$ 1,612	\$ 200	\$ 1,812
Other current assets	372	(4)	368
Deferred income tax assets	279	2	281
Other non-current assets	831	92	923
Liabilities and Equity:			
Deferred revenue	\$ 516	\$ (6)	\$ 510
Other current liabilities	372	194	566
Deferred income tax liabilities	389	11	400
Other non-current liabilities	430	71	501
Accumulated deficit	(2,163)	20	(2,143)

Disaggregated revenue

The following table presents revenue by type and segment for the fiscal year ended June 30, 2019:

	For the fiscal year ended June 30, 2019					
	News and Information Services	Subscription Video Services	Book Publishing	Digital Real Estate Services	Other	Total Revenues
	(in millions)					
Revenues:						
Circulation and subscription	\$ 2,128	\$ 1,926	\$ —	\$ 49	\$ 1	\$ 4,104
Advertising	2,400	215	—	122	1	2,738
Consumer	—	—	1,679	—	—	1,679
Real estate	—	—	—	908	—	908
Other	428	61	75	80	1	645
Total Revenues	\$ 4,956	\$ 2,202	\$ 1,754	\$ 1,159	\$ 3	\$10,074

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Contract liabilities and assets

The Company's deferred revenue balance primarily relates to amounts received from customers for subscriptions paid in advance of the services being provided. The following table presents changes in the deferred revenue balance for the fiscal year ended June 30, 2019:

	For the fiscal year ended June 30, 2019 (in millions)
Balance as of July 1, 2018	\$ 510
Deferral of revenue	3,008
Recognition of deferred revenue ^(a)	(3,084)
Other	(6)
Balance as of June 30, 2019	<u>\$ 428</u>

(a) For the fiscal year ended June 30, 2019, the Company recognized approximately \$493 million of revenue which was included in the opening deferred revenue balance.

Contract assets were immaterial for disclosure as of June 30, 2019.

Practical expedients

The Company typically expenses sales commissions incurred to obtain a customer contract as those amounts are incurred as the amortization period is 12 months or less. These costs are recorded within Selling, general and administrative in the Statements of Operations. The Company also applies the practical expedient for significant financing components when the transfer of the good or service is paid within 12 months or less, or the receipt of consideration is received within 12 months or less of the transfer of the good or service.

Other revenue disclosures

During the fiscal year ended June 30, 2019, the Company recognized approximately \$316 million in revenues related to performance obligations that were satisfied or partially satisfied in a prior reporting period. The remaining transaction price related to unsatisfied performance obligations as of June 30, 2019 was approximately \$354 million, of which approximately \$182 million is expected to be recognized during fiscal 2020, approximately \$129 million is expected to be recognized in fiscal 2021, \$35 million is expected to be recognized in fiscal 2022, \$5 million is expected to be recognized in fiscal 2023, with the remainder to be recognized thereafter. These amounts do not include (i) contracts with an expected duration of one year or less, (ii) contracts for which variable consideration is determined based on the customer's subsequent sale or usage and (iii) variable consideration allocated to performance obligations accounted for under the series guidance that meets the allocation objective under ASC 606.

NOTE 4. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2019

Opcity

In October 2018, the Company acquired Opcity, a market-leading real estate technology platform that matches qualified home buyers and sellers with real estate professionals in real time. The total transaction value was approximately \$210 million, consisting of approximately \$182 million in cash, net of \$7 million of cash

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acquired, and approximately \$28 million in deferred payments and restricted stock unit awards for Opcity's founders and qualifying employees, which is being recognized as compensation expense over the three years following the closing. Included in the cash amount was approximately \$20 million that is being held back for approximately 18 months after closing. The acquisition broadens realtor.com®'s lead generation product portfolio, allowing real estate professionals to choose between traditional lead products or a concierge-based model that provides highly vetted, transaction-ready leads. Opcity is a subsidiary of Move, and its results are included within the Digital Real Estate Services segment.

Under the acquisition method of accounting, the total consideration was first allocated to net tangible assets and identifiable intangible assets based upon their fair values as of the date of completion of the acquisition. As a result of the acquisition, the Company recorded approximately \$73 million of assets, of which \$49 million primarily related to the Opcity technology and data platform with a weighted average useful life of 12 years and \$24 million primarily related to intangible assets resulting from previously acquired leads and customer relationships with a weighted average useful life of 9 years. In accordance with ASC 350 the excess of the total consideration over the fair values of the net tangible and intangible assets of approximately \$124 million was recorded as goodwill on the transaction.

Fiscal 2018

Hometrack Australia Pty Ltd

In June 2018, REA Group acquired Hometrack Australia Pty Ltd ("Hometrack Australia") for approximately A\$130 million (approximately \$100 million) in cash, which was funded with a mix of cash on hand and debt of A\$70 million (approximately \$53 million). Hometrack Australia is a provider of property data services to the financial sector and allows REA Group to deliver more property data and insights to its customers. Under the acquisition method of accounting, the total consideration is allocated to net tangible assets and identifiable intangible assets based upon the fair value as of the date of completion of the acquisition. The excess of the total consideration over the fair value of the net tangible assets and identifiable intangible assets acquired was recorded as goodwill. The Company recorded approximately \$25 million of intangible assets consisting of technology, primarily associated with the Hometrack.com website, and customer relationships which have useful lives of 8 years and 15 years, respectively. The Company recorded approximately \$74 million of goodwill on the transaction. Hometrack Australia is a subsidiary of REA Group and its results are included within the Digital Real Estate Services segment.

Foxtel

In April 2018, News Corp and Telstra combined their respective 50% interests in Foxtel Group and News Corp's 100% interest in FOX SPORTS Australia into a new company. Following the completion of the Transaction, News Corp owns a 65% interest in the combined business, with Telstra owning the remaining 35%. Consequently, the Company began consolidating Foxtel in the fourth quarter of fiscal 2018. The combination allows Foxtel and FOX SPORTS Australia to leverage their media platforms and content to improve services for consumers and advertisers. The results of Foxtel are reported within the Subscription Video Services segment, and Foxtel is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

The Transaction was accounted for in accordance with ASC 805 "Business Combinations" ("ASC 805") which requires the Company to re-measure its previously held equity interest in Foxtel at its Transaction completion date fair value. The carrying amount of the Company's previously held equity interest in Foxtel was equal to its fair value as of the Transaction completion date, as the Company wrote its investment in Foxtel down to fair

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value during the third quarter of fiscal 2018. In accordance with ASC 805, as the Company did not relinquish control of its investment in FOX SPORTS Australia, the reduction in the Company's ownership interest to 65% was accounted for as a common control transaction on a carryover basis. See Note 6—Investments.

The total aggregate purchase price associated with the Transaction at the completion date is set forth below (in millions):

Consideration transferred(a)	\$ 331
Fair value of News Corp previously held equity interest in Foxtel	631
Fair value of noncontrolling interest(b)	578
Fair value of net assets	<u>\$1,540</u>

- (a) Primarily represents the fair value of 35% of FOX SPORTS Australia exchanged as consideration in the Transaction and has been included in noncontrolling interest.
- (b) Primarily represents the fair value of 35% of Foxtel, which includes the impact of certain market participant synergies.

Under the acquisition method of accounting, the aggregate purchase price, based on a valuation of 100% of Foxtel, was allocated to net tangible and intangible assets based upon their fair value as of the date of completion of the Transaction. The excess of the aggregate purchase price over the fair value of the net tangible and intangible assets acquired was recorded as goodwill. The allocation is as follows (in millions):

Assets acquired:	
Cash	\$ 78
Current assets	492
Property, plant and equipment	967
Intangible assets	861
Goodwill	1,559
Other non-current assets	268
Total assets acquired	<u>\$4,225</u>
Liabilities assumed:	
Current liabilities	\$ 611
Long-term borrowings	1,751
Other non-current liabilities	323
Total liabilities assumed	<u>2,685</u>
Net assets acquired	<u>\$1,540</u>

As a result of the Transaction, the Company recorded tangible assets of approximately \$871 million, excluding long-term borrowings, primarily consisting of property, plant and equipment which mainly relate to digital set top units and installations and technical equipment, as well as accounts receivable, inventory, accounts payable and accruals at their estimated fair values at the completion date of the Transaction. The Company recorded outstanding borrowings of approximately \$1.8 billion as a result of the Transaction. See Note 9—Borrowings.

In addition, the Company recorded approximately \$0.9 billion of intangible assets of which \$468 million has been allocated to subscriber relationships with a weighted-average useful life of 10 years, \$270 million has been allocated to the tradenames which have an indefinite life and approximately \$123 million has been allocated to

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advertiser relationships with a weighted-average useful life of 15 years. In accordance with ASC 350, the excess of the purchase price over the fair values of the net tangible and intangible assets of approximately \$1.6 billion was recorded as goodwill on the transaction.

As a result of the Transaction, the Company recognized a \$337 million loss in Other, net, primarily related to the Company's settlement of its pre-existing contractual arrangement between Foxtel and FOX SPORTS Australia which resulted in a \$317 million write-off of its channel distribution agreement intangible asset at the time of the Transaction.

Smartline Home Loans Pty Limited

In July 2017, REA Group acquired an 80.3% interest in Smartline Home Loans Pty Limited ("Smartline") for approximately A\$70 million in cash (approximately \$55 million). The minority shareholders have the option to sell the remaining 19.7% interest to REA Group beginning three years after closing at a price dependent on the financial performance of Smartline. If the option is not exercised, the minority interest will become mandatorily redeemable four years after closing. As a result, REA Group recognized a liability of \$12 million in the three months ended September 30, 2017 for the present value of the amount expected to be paid for the remaining interest based on the formula specified in the acquisition agreement. Smartline is one of Australia's premier mortgage broking franchise groups, and the acquisition provides REA Group's financial services business with greater scale and capability. Under the acquisition method of accounting, the total consideration was allocated to net tangible assets and identifiable intangible assets based upon the fair value as of the date of completion of the acquisition. The excess of the total consideration over the fair value of the net tangible assets and identifiable intangible assets acquired was recorded as goodwill. The acquired intangible assets of approximately \$19 million primarily relate to customer relationships which have a useful life of 16 years. The Company recorded approximately \$49 million of goodwill on the transaction. Smartline is a subsidiary of REA Group, and its results are included within the Digital Real Estate Services segment.

Fiscal 2017

Wireless Group plc

In September 2016, the Company completed its acquisition of Wireless Group for a purchase price of 315 pence per share in cash, or approximately £220 million (approximately \$285 million) in the aggregate, plus \$23 million of assumed debt which was repaid subsequent to closing. Wireless Group operates talkSPORT, the leading sports radio network in the U.K., and a portfolio of radio stations in the U.K. and Ireland. The acquisition broadens the Company's range of services in the U.K., Ireland and internationally, and the Company continues to closely align Wireless Group's operations with those of *The Sun* and *The Times*. The Company utilized the restricted cash which was specifically set aside at June 30, 2016 for purposes of funding the acquisition and therefore the Company had no restricted cash as of June 30, 2017.

The total transaction value for the Wireless Group acquisition is set forth below (in millions):

Cash paid for Wireless Group equity	\$285
Plus: Assumed debt	23
Total transaction value	<u>\$308</u>

Under the acquisition method of accounting, the total consideration is allocated to net tangible and intangible assets based upon the fair value as of the date of completion of the acquisition. The excess of the total

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consideration over the fair value of the net tangible and intangible assets acquired was recorded as goodwill. The allocation is as follows (in millions):

Assets Acquired:	
Intangible assets	\$220
Goodwill	115
Net liabilities	<u>(50)</u>
Total net assets acquired	<u>\$285</u>

The acquired intangible assets primarily relate to broadcast licenses, which have a fair value of approximately \$185 million, tradenames, which have a fair value of approximately \$27 million, and customer relationships with a fair value of approximately \$8 million. The broadcast licenses and tradenames have indefinite lives and the customer relationships are being amortized over a weighted-average useful life of approximately 6 years. Wireless Group's results are included within the News and Information Services segment, and it is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

REA Group European Business

In December 2016, REA Group, in which the Company holds a 61.6% interest, sold its European business for approximately \$140 million (approximately €133 million) in cash, which resulted in a pre-tax gain of \$107 million for the fiscal year ended June 30, 2017. The sale allows REA Group to focus on its core businesses in Australia and Asia.

In addition to the acquisitions noted above and the investments referenced in Note 6—Investments, the Company used \$62 million of cash for additional acquisitions during fiscal 2017, primarily consisting of Australian Regional Media ("ARM"). ARM's results are included within the News and Information Services segment.

NOTE 5. RESTRUCTURING PROGRAMS

The Company recorded restructuring charges of \$92 million, \$71 million and \$142 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, of which \$77 million, \$58 million and \$133 million related to the News and Information Services segment, respectively. The restructuring charges recorded in fiscal 2019, 2018 and 2017 were primarily for employee termination benefits.

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Changes in the restructuring program liabilities were as follows:

	One-time employee termination benefits	Facility related costs (in millions)	Other costs	Total
Balance, June 30, 2016	\$ 33	\$ 5	\$ 6	\$ 44
Additions	137	—	5	142
Payments	(135)	(1)	(1)	(137)
Other	(2)	2	—	—
Balance, June 30, 2017	\$ 33	\$ 6	\$ 10	\$ 49
Additions	69	—	2	71
Payments	(73)	(2)	(1)	(76)
Other	—	(2)	—	(2)
Balance, June 30, 2018	\$ 29	\$ 2	\$ 11	\$ 42
Additions	92	—	—	92
Payments	(91)	—	(2)	(93)
Other	(2)	—	1	(1)
Balance, June 30, 2019	\$ 28	\$ 2	\$ 10	\$ 40

As of June 30, 2019 and June 30, 2018 restructuring liabilities of approximately \$30 million and \$31 million, respectively, were included in the Balance Sheet in Other current liabilities and \$10 million and \$11 million, respectively, were included in Other non-current liabilities.

NOTE 6. INVESTMENTS

The Company's investments were comprised of the following:

	Ownership Percentage as of June 30, 2019	As of June 30, (in millions)	
		2019	2018
Equity method investments(a)	various	\$148	\$173
Equity securities(b)	various	187	220
Total Investments		\$335	\$393

(a) Equity method investments are primarily comprised of Foxtel's investment in Nickelodeon Australia Joint Venture and Elara Technologies Pte. Ltd. ("Elara"), which operates PropTiger.com, Makaan.com and Housing.com.

(b) Equity securities are primarily comprised of certain investments in China and the Company's investment in HT&E Limited, which operates a portfolio of Australian radio and outdoor media assets.

The Company has equity securities with quoted prices in active markets as well as equity securities without readily determinable fair market values. Equity securities without readily determinable fair market values are valued at cost, less any impairment, plus or minus changes in fair value resulting from observable price changes

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in orderly transactions for an identical or similar investment of the same issuer. The components comprising total gains and losses on equity securities are set forth below:

	For the fiscal year ended June 30,	
	2019	2018
	(in millions)	
Total (losses) gains recognized on equity securities	\$ (23)	\$ 35
Less: Net (losses) gains recognized on equity securities sold or impaired	—	7
Unrealized (losses) gains recognized on equity securities held at end of period	<u>\$ (23)</u>	<u>\$ 28</u>

Equity Losses of Affiliates

The Company's share of the losses of its equity affiliates was as follows:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Foxtel(a)	\$ —	\$ (974)	\$ (265)
Other equity affiliates, net(b)	(17)	(32)	(30)
Total Equity losses of affiliates	<u>\$ (17)</u>	<u>\$ (1,006)</u>	<u>\$ (295)</u>

- (a) Following completion of the Transaction in April 2018, News Corp ceased accounting for Foxtel as an equity method investment and began consolidating its results in the fourth quarter of fiscal 2018. See Note 4—Acquisitions, Disposals and Other Transactions.

During the third quarter of fiscal 2018, the Company recognized a \$957 million non-cash write-down of the carrying value of its investment in Foxtel. In the third quarter of fiscal 2018, the Company assessed the long-term prospects for Foxtel, on both a stand-alone and combined basis. As a result of lower-than-expected revenues from certain products and broadcast subscribers at Foxtel, the Company revised its outlook for Foxtel, which resulted in a reduction in expected future cash flows. Based on the revised projections, the Company concluded that the fair value of its investment in Foxtel declined below its carrying value. The assumptions utilized in the income approach valuation method were a discount rate of 10.25% and a long-term growth rate of 2.0%. The write-down was reflected in Equity losses of affiliates in the Statement of Operations for the fiscal year ended June 30, 2018.

During the second quarter of fiscal 2017, the Company recognized a \$227 million non-cash write-down of the carrying value of its investment in Foxtel. As a result of Foxtel's performance in the first half of fiscal 2017 and the competitive operating environment in the Australian pay-TV market, the Company revised its future outlook for the business in the second quarter of fiscal 2017, which resulted in a reduction in expected future cash flows. Based on the revised projections, the Company determined that the fair value of its investment in Foxtel declined below its carrying value, which included the gain recognized in connection with the acquisition of Consolidated Media Holdings Ltd. ("CMH"). The assumptions utilized in the income approach valuation method were a discount rate of 9.0% and a long-term growth rate of 2.5%. The assumptions utilized in the market approach valuation methods were EBITDA multiples from guideline public companies operating in similar industries and a control premium of 10%. The write-down is reflected in Equity (losses) earnings of affiliates in the Statement of Operations for the fiscal year ended June 30, 2017.

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In November 2012, the Company acquired CMH, a media investment company that operates in Australia. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. The CMH acquisition was accounted for in accordance with ASC 805 which requires an acquirer to remeasure its previously held equity interest in an acquiree at its acquisition date fair value and recognize the resulting gain or loss in earnings. The carrying amount of the Company's previously held equity interest in FOX SPORTS Australia, through which the Company held its indirect 25% interest in Foxtel, was revalued to fair value as of the acquisition date, resulting in a step-up and non-cash gain of approximately \$1.3 billion for the fiscal year ended June 30, 2013, of which \$0.9 billion related to Foxtel.

Additionally, in accordance with ASC 350, the Company amortized \$49 million and \$68 million related to excess cost over the Company's proportionate share of its investment's underlying net assets allocated to finite-lived intangible assets during the fiscal years ended June 30, 2018 and 2017, respectively. Such amortization was reflected in Equity losses of affiliates in the Statements of Operations.

- (b) Other equity affiliates, net for the fiscal years ended June 30, 2019, 2018 and 2017 include losses primarily from the Company's interest in Elara. Additionally, during the fiscal years ended June 30, 2018 and 2017, the Company recognized non-cash write-downs of \$13 million and \$9 million, respectively, on certain other equity method investments. The write-downs are reflected in Equity losses of affiliates in the Statements of Operations for the fiscal years ended June 30, 2018 and 2017.

Impairments of Equity Securities

Prior to the adoption of ASU 2016-01 during the first quarter of fiscal 2019, the Company regularly reviewed its investments in equity securities for impairments based on criteria that included the extent to which the investment's carrying value exceeded its related market value, the duration of the market decline, the Company's ability to hold its investment until recovery and the investment's financial strength and specific prospects. The Company recorded write-offs and impairments of certain available-for-sale securities in the fiscal years ended June 30, 2018 and 2017 of \$33 million and \$21 million, respectively which were reclassified out of Accumulated other comprehensive income and included in Other, net. These write-offs and impairments were taken either as a result of the deteriorating financial position of the investee or due to an other-than-temporary impairment resulting from sustained losses and limited prospects for recovery. As a result of the adoption of ASU 2016-01, the Company has included the impact from the remeasurement of its investments in equity securities in Other, net in the Statement of Operations for the fiscal year ended June 30, 2019.

Summarized Financial Information

Summarized financial information for Foxtel for periods through April 2, 2018, presented in accordance with U.S. GAAP, was as follows:

	For the nine months ended March 31, 2018	(in millions)	For the fiscal year ended June 30, 2017
Revenues	\$ 1,818		\$ 2,411
Operating income ^(a)	155		353
Net income	64		59

- (a) Includes Depreciation and amortization of \$187 million for the period ended April 2, 2018 and \$215 million for the fiscal year ended June 30, 2017. Operating income before depreciation and amortization was \$342 million for the period ended April 2, 2018 and \$568 million for the fiscal year ended June 30, 2017.

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NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Useful Lives	As of June 30,	
		2019	2018
		(in millions)	
Land		\$ 146	\$ 150
Buildings and leaseholds	3 to 50 years	1,729	1,742
Digital set top units and installations	3 to 10 years	911	744
Machinery and equipment ^(a)	2 to 20 years	3,123	3,131
		5,909	5,767
Less: accumulated depreciation and amortization ^(b)		(3,524)	(3,352)
		2,385	2,415
Construction in progress		169	145
Total Property, plant and equipment, net		<u>\$ 2,554</u>	<u>\$ 2,560</u>

(a) Includes capitalized software of approximately \$1,331 million and \$1,189 million as of June 30, 2019 and 2018, respectively.

(b) Includes accumulated amortization of capitalized software of approximately \$818 million and \$734 million as of June 30, 2019 and 2018, respectively.

Depreciation and amortization related to property, plant and equipment was \$533 million, \$372 million and \$358 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively. This includes amortization of capitalized software of \$218 million, \$175 million and \$168 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Total operating lease expense was approximately \$195 million, \$183 million and \$156 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Fixed Asset Impairments

During the fiscal year ended June 30, 2017, the Company recognized total fixed asset impairment charges of \$679 million, primarily at News UK and News Corp Australia.

During the fourth quarter of fiscal 2017, as part of the Company's long-range planning process, the Company reduced its outlook for the U.K. newspapers due to the impact of adverse print advertising and print circulation trends on the future expected performance of the business. As a result, the Company recognized a non-cash impairment charge of approximately \$360 million related to the write-down of fixed assets at the U.K. newspapers. The write-down was comprised of approximately \$252 million related to print sites, \$85 million related to printing presses and print related equipment and \$23 million related to capitalized software. Significant unobservable inputs utilized in the income approach valuation method were a discount rate of 8.5% and a -1.0% long term growth rate.

During the second quarter of fiscal 2017, the Company recognized a non-cash impairment charge of approximately \$310 million primarily related to the write-down of fixed assets at the Australian newspapers. The write-down was a result of the impact of adverse trends on the future expected performance of the Australian newspapers, where revenue declines from continued weakness in the print advertising market accelerated during the second quarter. The write-down was comprised of approximately \$149 million related to printing presses and print related equipment, \$77 million related to facilities, \$66 million related to capitalized software and

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\$18 million related to tradenames. Significant unobservable inputs utilized in the income approach valuation method were a discount rate of 11.5% and no long-term growth.

NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying values of the Company's intangible assets and related accumulated amortization for the fiscal years ended June 30, 2019 and June 30, 2018 were as follows:

	As of June 30,	
	2019	2018
	(in millions)	
<u>Intangible Assets Not Subject to Amortization</u>		
Trademarks and tradenames	\$ 383	\$ 441
Newspaper mastheads	296	298
Distribution networks	308	308
Imprints	231	239
Radio broadcast licenses	140	188
Total intangible assets not subject to amortization	<u>1,358</u>	<u>1,474</u>
<u>Intangible Assets Subject to Amortization</u>		
Publishing rights ^(a)	275	299
Customer relationships ^(b)	746	849
Other ^(c)	47	49
Total intangible assets subject to amortization, net	<u>1,068</u>	<u>1,197</u>
Total Intangible assets, net	<u>\$2,426</u>	<u>\$2,671</u>

- (a) Net of accumulated amortization of \$235 million and \$213 million as of June 30, 2019 and 2018, respectively. The useful lives of publishing rights range from 4 to 30 years primarily based on the weighted-average remaining contractual terms of the underlying publishing contracts and the Company's estimates of the period within those terms that the asset is expected to generate a majority of its future cash flows.
- (b) Net of accumulated amortization of \$528 million and \$447 million as of June 30, 2019 and 2018, respectively. The useful lives of customer relationships range from 3 to 25 years. The useful lives of these assets are estimated by applying historical attrition rates and determining the resulting period over which a majority of the accumulated undiscounted cash flows related to the customer relationships are expected to be generated.
- (c) Net of accumulated amortization of \$98 million and \$87 million as of June 30, 2019 and 2018, respectively. The useful lives of other intangible assets range from 2 to 15 years. The useful lives represent the periods over which these intangible assets are expected to contribute directly or indirectly to the Company's future cash flows.

The Company recognized impairment charges of \$47 million, \$50 million and \$58 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, related to indefinite-lived intangible assets.

Amortization expense related to amortizable intangible assets was \$126 million, \$100 million and \$91 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Based on the current amount of amortizable intangible assets, the estimated amortization expense for each of the succeeding five fiscal years is as follows: 2020—\$112 million; 2021—\$105 million; 2022—\$101 million; 2023—\$94 million; and 2024—\$89 million.

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The changes in the carrying value of goodwill, by segment, are as follows:

	News and Information Services	Subscription Video Services	Book Publishing (in millions)	Digital Real Estate Services	Total Goodwill
Balance, June 30, 2017	\$ 1,884	\$ 500	\$ 271	\$ 1,183	\$ 3,838
Acquisitions(a)	2	1,574	—	123	1,699
Impairments(b)	(158)	(41)	—	(19)	(218)
Foreign currency movements	2	(73)	(4)	(26)	(101)
Balance, June 30, 2018	<u>\$ 1,730</u>	<u>\$ 1,960</u>	<u>\$ 267</u>	<u>\$ 1,261</u>	<u>\$ 5,218</u>
Acquisitions(c)	29	—	—	125	154
Impairments	(49)	—	—	—	(49)
Dispositions	(16)	—	—	—	(16)
Foreign currency movements	(7)	(116)	(1)	(36)	(160)
Balance, June 30, 2019	<u>\$ 1,687</u>	<u>\$ 1,844</u>	<u>\$ 266</u>	<u>\$ 1,350</u>	<u>\$ 5,147</u>

- (a) Primarily relates to the Transaction in the Subscription Video Services segment and the acquisition of Smartline and Hometrack in the Digital Real Estate Services segment.
- (b) In the News and Information Services segment, the write-down of goodwill primarily relates to the News America Marketing reporting unit, and in the Subscription Video Services segment the write-down primarily relates to the FOX SPORTS Australia reporting unit. In the Digital Real Estate Services segment, the write-down of goodwill relates to the Company's DIAKRIT reporting unit.
- (c) In the News and Information Services segment, the increase in goodwill primarily relates to acquisitions made by the News Australia reporting unit and in the Digital Real Estate Services segment, the increase in goodwill primarily relates to the acquisition of Opcity.

The carrying amount of goodwill as of June 30, 2019 reflected accumulated impairments, principally relating to the News and Information Services segment, of \$3.7 billion.

Annual Impairment Assessments

Fiscal 2019

In accordance with ASC 350, the Company's goodwill and indefinite-lived intangible assets are tested annually in the fourth quarter for impairment or earlier if events occur or circumstances change that would more likely than not reduce the fair values below their carrying amounts. See Note 2—Summary of Significant Accounting Policies.

The performance of the Company's annual impairment analysis resulted in \$87 million of impairments to goodwill and indefinite-lived intangible assets in fiscal 2019, primarily related to goodwill at a reporting unit within the News and Information Services segment. Significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 9.0% to 25.0%), long-term growth rates (ranging from 0.0% to 3.0%) and royalty rates (ranging from 0.5%-6.0%). Significant unobservable inputs utilized in the market approach valuation method were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 5%-10%). Significant increases (decreases) in royalty rates, growth rates, control premiums and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in royalty rates, growth rates, control premiums and multiples, would result in a significantly higher (lower) fair value measurement.

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Fiscal 2018

The performance of the Company's annual impairment analysis resulted in impairments of \$43 million of goodwill and indefinite-lived intangible assets in fiscal 2018. Significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 8.5%-25.0%), long-term growth rates (ranging from (1.0)%-3.0%) and royalty rates (ranging from 0.5%-7.5%). Significant unobservable inputs utilized in the market approach valuation method were EBITDA multiples from guideline public companies operating in similar industries and a control premium of 10%. Significant increases (decreases) in royalty rates, growth rates, control premiums and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in royalty rates, growth rates, control premiums and multiples, would result in a significantly higher (lower) fair value measurement.

During the third quarter of fiscal 2018, due to the impact of adverse trends on the future expected performance of the business, the Company revised its future outlook with respect to the News America Marketing reporting unit which resulted in a reduction in expected future cash flows. As a result, the Company determined that the fair value of this reporting unit declined below its carrying value and recorded a \$165 million impairment of goodwill and indefinite-lived intangible assets. For this reporting unit and intangible asset, significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 12.5%-14%), long-term growth rates (ranging from (1.9)%-0.9%) and a royalty rate of 2.5%.

Additionally, during the third quarter of fiscal 2018, as part of the Company's long range planning process and in preparation for the Transaction, the Company assessed the long-term prospects for Foxtel and FOX SPORTS Australia. As a result of lower-than-expected revenues at Foxtel, the Company revised its future outlook for the FOX SPORTS Australia reporting unit, whose revenues are heavily predicated on Foxtel subscribers. Based on the revised projections, the Company determined that the fair value of the reporting unit was less than its carrying value and recorded a \$41 million impairment of goodwill in the fiscal year ended June 30, 2018. For the impaired reporting unit, significant unobservable inputs utilized in the income approach valuation method were a discount rate of 9.5% and a long-term growth rate of 2.0%. See Note 6—Investments.

Fiscal 2017

The performance of the Company's annual impairment analysis resulted in impairments of \$88 million of goodwill and indefinite-lived intangible assets in fiscal 2017. Significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 9.0%-25.0%), long-term growth rates (ranging from 0.0%-3.3%) and royalty rates (ranging from 0.5%-7.5%). Significant unobservable inputs utilized in the market approach valuation method were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 10%-15%). Significant increases (decreases) in royalty rates, growth rates, control premiums and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in royalty rates, growth rates, control premiums and multiples, would result in a significantly higher (lower) fair value measurement.

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NOTE 9. BORROWINGS

The Company's total borrowings consist of the following:

	Interest rate at June 30, 2019	Due date at June 30, 2019	As of June 30, 2019	As of June 30, 2018
			(in millions)	
Foxtel Group				
Credit facility 2013(a)(b)	—	Apr 7, 2019	\$ —	\$ 222
Credit facility 2014—tranche 1(a)(b)	—	May 30, 2019	—	148
Credit facility 2014—tranche 2(a)	3.07%	Jan 31, 2020	56	148
Credit facility 2015(a)	3.32%	Jul 31, 2020	281	296
Credit facility 2016(a)(c)	3.81%	Sept 11, 2021	193	108
Working capital facility 2017(a)(c)	3.47%	Jul 3, 2020	56	59
US private placement 2009—tranche 3	6.20%	Sept 24, 2019	75	75
US private placement 2012—USD portion—tranche 1(d)	3.68%	Jul 25, 2019	150	150
US private placement 2012—USD portion—tranche 2(d)	4.27%	Jul 25, 2022	199	196
US private placement 2012—USD portion—tranche 3(d)	4.42%	Jul 25, 2024	149	146
US private placement 2012—AUD portion	7.04%	Jul 25, 2022	77	83
REA Group				
Credit facility 2016—tranche 2(e)(f)	—	Dec 31, 2018	—	89
Credit facility 2016—tranche 3(e)(f)	2.97%	Dec 31, 2019	168	178
Credit facility 2018(e)(f)	2.73%	Apr 27, 2021	49	54
Total borrowings			1,453	1,952
Less: current portion(g)			(449)	(462)
Long-term borrowings			\$ 1,004	\$ 1,490

- (a) Borrowings under these facilities bear interest at a floating rate of Australian BBSY plus an applicable margin of between 1.20% and 2.70% per annum payable quarterly.
- (b) During the fiscal year ended June 30, 2019, the Foxtel Debt Group repaid its A\$300 million (approximately \$216 million) facility maturing in April 2019 and its A\$200 million (approximately \$139 million) facility maturing in May 2019 using A\$500 million of shareholder loans provided by the Company.
- (c) As of June 30, 2019, the Foxtel Debt Group has undrawn commitments of \$181 million under these facilities for which it pays a commitment fee in the range of 40% and 45% of the applicable margin.
- (d) The carrying values of the borrowings include any fair value adjustments related to the Company's fair value hedges. See Note 11—Financial Instruments and Fair Value Measurements.
- (e) Borrowings under these facilities bear interest at a floating rate of the Australian BBSY plus a margin in the range of 0.85% and 1.45% depending on REA Group's net leverage ratio. As of June 30, 2019, REA Group was paying a margin of between 0.85% and 1.05%.
- (f) During the fiscal year ended June 30, 2019, REA Group repaid \$87 million (A\$120 million) for its unsecured loan facility due December 2018. REA Group had remaining borrowings of \$217 million, of which approximately \$168 million (A\$240 million) will mature in fiscal 2020.
- (g) The Company classifies the current portion of long term debt as non-current liabilities on the Balance Sheets when it has the intent and ability to refinance the obligation on a long-term basis, in accordance with ASC 470-50 "Debt."

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Foxtel Group Borrowings

As of June 30, 2019, the Company's borrowings reflect \$1.24 billion of outstanding debt incurred by certain subsidiaries of Foxtel (together with Foxtel, the "Foxtel Debt Group") that the Company consolidated upon completion of the Transaction. The Foxtel Debt Group indebtedness includes U.S. private placement senior unsecured notes and drawn amounts under its revolving credit facilities, with maturities ranging from fiscal 2020 to 2025. In accordance with ASC 805, these debt instruments were recorded at fair value as of the Transaction completion date.

During fiscal 2019, the Foxtel Debt Group had repayments of \$1.03 billion, including the repayment of its A\$300 million (approximately \$216 million) facility maturing in April 2019 and the repayment of its A\$200 million (approximately \$139 million) facility maturing in May 2019, and borrowings of \$681 million. The repayments of the A\$300 million facility maturing in April 2019 and the A\$200 million facility maturing in May 2019 were repaid using A\$500 million of shareholder loans provided by the Company. The shareholder loans bear interest at a variable rate of Australian BBSY plus an applicable margin ranging from 6.30% to 7.75%. The shareholder loans mature in December 2027.

Covenants, Collateral and Unamortized borrowing costs

The Foxtel Debt Group's external borrowings (revolving credit facilities and U.S. private placement senior unsecured notes) require the Foxtel Debt Group to comply with specified financial and non-financial covenants calculated in accordance with Australian International Financial Reporting Standards. Subject to certain exceptions, these covenants restrict or prohibit members of the Foxtel Debt Group from, among other things, undertaking certain transactions, disposing of properties or assets (including subsidiary stock), merging or consolidating with any other person, making financial accommodation available, giving guarantees, entering into certain other financing arrangements, creating or permitting certain liens, engaging in transactions with affiliates, making repayments of other loans and undergoing fundamental business changes. The financial covenants require the Foxtel Debt Group to maintain a total debt to Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") ratio of not more than 3.75 to 1.0 and an interest coverage ratio of no less than 3.50 to 1.0. The Foxtel Debt Group's external borrowings are only guaranteed by certain members of the Foxtel Debt Group. The Foxtel Debt Group was in compliance with these covenants as of June 30, 2019. There were no assets pledged as collateral for any of the borrowings.

REA Group Facilities

During fiscal 2019, REA Group repaid approximately \$87 million (A\$120 million) for the second tranche of its A\$480 million unsecured revolving loan facility, which matured in December 2018. REA Group had remaining borrowings of \$217 million, of which approximately \$168 million (A\$240 million) will mature in December 2019.

The facilities require REA Group to maintain a net leverage ratio of not more than 3.25 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. As of June 30, 2019, REA Group was in compliance with all of the applicable debt covenants.

Revolving Credit Facility

The Company's Credit Agreement (as amended, the "Credit Agreement") provides for an unsecured \$650 million revolving credit facility (the "Facility") that can be used for general corporate purposes. The Facility has a sublimit of \$100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a maximum amount of \$900 million. The lenders' commitments under the Credit Agreement terminate on October 23, 2020 provided the Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods.

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The Credit Agreement contains customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and its subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. As of June 30, 2019, the Company was in compliance with all of the applicable debt covenants.

Interest on borrowings under the Facility is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement. The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement, which varies based on the Company's adjusted operating income leverage ratio. As of June 30, 2019, the Company was paying a commitment fee of 0.25% on any undrawn balance and an applicable margin of 0.75% for a Base Rate borrowing and 1.75% for a Eurodollar Rate borrowing.

As of the date of this filing, the Company has not borrowed any funds under the Facility.

Future maturities

The following table summarizes the Company's debt maturities as of June 30, 2019:

	As of June 30, 2019 (in millions)
Fiscal 2020	\$ 449
Fiscal 2021	386
Fiscal 2022	193
Fiscal 2023	276
Fiscal 2024	—
Thereafter	149

NOTE 10. REDEEMABLE PREFERRED STOCK

In connection with the Company's separation of its businesses (the "Separation") from Twenty-First Century Fox, Inc. ("21st Century Fox") on June 28, 2013 (the "Distribution Date"), 21st Century Fox sold 4,000 shares of cumulative redeemable preferred stock with a par value of \$5,000 per share of a newly formed U.S. subsidiary of the Company. The preferred stock paid dividends at a rate of 9.5% per annum, payable quarterly, in arrears. The preferred stock was callable by the Company at any time after the fifth year and puttable at the option of the holder after 10 years. In July 2018, the Company exercised its call option and redeemed 100% of the outstanding redeemable preferred stock.

NOTE 11. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

In accordance with ASC 820, fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1. The Company could value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

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- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. For the Company, this primarily includes the use of forecasted financial information and other valuation related assumptions such as discount rates and long term growth rates in the income approach as well as the market approach which utilizes certain market and transaction multiples.

Under ASC 820, certain assets and liabilities are required to be remeasured to fair value at the end of each reporting period. The following table summarizes those assets and liabilities measured at fair value on a recurring basis:

	June 30, 2019				June 30, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Assets:								
Foreign currency derivatives—cash flow hedges	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 3	\$ —	\$ 3
Cross-currency interest rate derivatives—fair value hedges	—	29	—	29	—	29	—	29
Cross-currency interest rate derivatives—economic hedges	—	12	—	12	—	10	—	10
Cross-currency interest rate derivatives—cash flow hedges	—	116	—	116	—	76	—	76
Equity securities(a)	74	—	113	187	93	—	—	93
Total assets	\$ 74	\$ 158	\$ 113	\$345	\$ 93	\$ 118	\$ —	\$211
Liabilities:								
Interest rate derivatives—cash flow hedges	\$ —	\$ 20	\$ —	\$ 20	\$ —	\$ 20	\$ —	\$ 20
Mandatorily redeemable noncontrolling interests	—	—	11	11	—	—	12	12
Cross-currency interest rate derivatives—cash flow hedges	—	18	—	18	—	12	—	12
Total liabilities	\$ —	\$ 38	\$ 11	\$ 49	\$ —	\$ 32	\$ 12	\$ 44

(a) See Note 6—Investments.

There have been no transfers between levels of the fair value hierarchy during the periods presented.

Equity securities

The fair values of equity securities with quoted prices in active markets are determined based on the closing price at the end of each reporting period. These securities are classified as Level 1 in the fair value hierarchy outlined above. The fair values of equity securities without readily determinable fair market values are determined based on cost, less any impairment, plus or minus changes in fair value resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. These securities are classified as Level 3 in the fair value hierarchy outlined above.

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A rollforward of the Company's equity securities classified as Level 3 is as follows:

	For the fiscal year ended June 30, 2019 (in millions)
Balance—beginning of period(a)	\$ 127
Purchases	8
Sales	(10)
Measurement adjustments	(2)
Foreign exchange and other	(10)
Balance—end of period	<u>\$ 113</u>

(a) Includes impact from the adoption of ASU 2016-01. See Note 1—Description of Business and Basis of Presentation.

Mandatorily redeemable noncontrolling interests

The Company has liabilities recorded in its Balance Sheets for its mandatorily redeemable noncontrolling interests. These liabilities represent management's best estimate of the amounts expected to be paid in accordance with the contractual terms of the underlying acquisition agreements. The fair values of these liabilities are based on the contractual payout formulas included in the acquisition agreements taking into account the expected performance of the business. Any remeasurements or accretion related to the Company's mandatorily redeemable noncontrolling interests are recorded through Interest (expense) income, net in the Statements of Operations. As the fair value does not rely on observable market inputs, the Company classifies these liabilities as Level 3 in the fair value hierarchy.

A rollforward of the Company's mandatorily redeemable noncontrolling interest liabilities classified as Level 3 is as follows:

	For the fiscal year ended June 30,		2018
	2019	(in millions)	
Balance—beginning of year	\$ 12		\$ 79
Additions	—		12
Payments	—		(81)
Measurement adjustments	(4)		—
Accretion	4		3
Foreign exchange movements	(1)		(1)
Balance—end of year	<u>\$ 11</u>		<u>\$ 12</u>

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Derivative Instruments

The Company is directly and indirectly affected by risks associated with changes in certain market conditions. When deemed appropriate, the Company uses derivative instruments to mitigate the potential impact of these market risks. The primary market risks managed by the Company through the use of derivative instruments include:

- foreign currency exchange rate risk: arising primarily through Foxtel Debt Group borrowings denominated in U.S. dollars; and
- interest rate risk: arising from fixed and floating rate Foxtel Debt Group borrowings.

The Company formally designates qualifying derivatives as hedge relationships (“hedges”) and applies hedge accounting when considered appropriate. For economic hedges where no hedge relationship has been designated, changes in fair value are included as a component of net income in each reporting period within Other, net in the Statements of Operations. The Company does not use derivative financial instruments for trading or speculative purposes.

Hedges are classified as current or non-current in the Consolidated Balance Sheets based on their maturity dates. Refer to the table below for further details:

	Balance Sheet Location	Fair value as of June 30,	
		2019	2018
		(in millions)	
Foreign currency derivatives—cash flow hedges	Other current assets	\$ 1	\$ 3
Cross-currency interest rate derivatives—fair value hedges	Other current assets	8	—
Cross-currency interest rate derivatives—economic hedges	Other current assets	12	—
Cross-currency interest rate derivatives—cash flow hedges	Other current assets	33	—
Cross-currency interest rate derivatives—fair value hedges	Other non-current assets	21	29
Cross-currency interest rate derivatives—cash flow hedges	Other non-current assets	83	76
Cross-currency interest rate derivatives—economic hedges	Other non-current assets	—	10
Interest rate derivatives—cash flow hedges	Other current liabilities	(2)	—
Interest rate derivatives—cash flow hedges	Other non-current liabilities	(18)	(20)
Cross-currency interest rate derivatives—cash flow hedges	Other non-current liabilities	(18)	(12)

Cash flow hedges

The Company utilizes a combination of foreign currency derivatives, interest rate derivatives and cross-currency interest rate derivatives to mitigate currency exchange and interest rate risk in relation to future interest payments and payments for license fees.

The total notional value of foreign exchange contract derivatives designated for hedging was \$9 million as of June 30, 2019. The maximum hedge term over which the Company is hedging exposure to foreign currency

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fluctuations is to July 2019. As of June 30, 2019, the Company estimates that approximately \$1 million of net derivative gains related to its foreign currency contract derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statement of Operations within the next 12 months.

The total notional value of interest rate swap derivatives designated as cash flow hedges was approximately A\$700 million as of June 30, 2019. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to September 2022. As of June 30, 2019, the Company estimates that approximately \$5 million of net derivative gains related to its interest rate swap derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statement of Operations within the next 12 months.

The total notional value of cross-currency interest rate swaps that were designated as cash flow hedges was approximately A\$400 million as of June 30, 2019. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to July 2024. As of June 30, 2019, the Company estimates that approximately \$2 million of net derivative gains related to its cross-currency interest rate swap derivative cash flow hedges included in Accumulated other comprehensive loss will be reclassified into the Statement of Operations within the next 12 months.

The following table presents the impact that changes in the fair values of derivatives designated as cash flow hedges had on Accumulated other comprehensive loss and the Statement of Operations during the fiscal years ended June 30, 2019 and 2018. The Company did not have any such hedges in fiscal 2017.

	Gain (loss) recognized in Accumulated Other Comprehensive Loss for the Fiscal year ended June 30,		(Gain) loss reclassified from Accumulated Other Comprehensive Loss for the Fiscal year ended June 30,		Income statement location
	2019	2018	2019	2018	
	(in millions)				
Derivative instruments designated as cash flow hedges:					
Foreign currency derivatives—cash flow hedges	\$ 2	\$ 3	\$ (3)	\$ 1	Operating expenses
Cross-currency interest rate derivatives— cash flow hedges	9	8	(4)	(9)	Interest (expense) income, net
Interest rate derivatives—cash flow hedges	(9)	—	8	1	Interest (expense) income, net
Total	<u>\$ 2</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ (7)</u>	

During fiscal 2019 and 2018, the amount recognized in the Statements of Operations for the ineffective portion of derivative instruments designated as cash flow hedges was approximately \$4 million and nil, respectively, and the Company did not exclude any component of the changes in fair value of the derivative instruments from the assessment of hedge effectiveness.

Fair value hedges

The Company's primary interest rate risk arises from its borrowings acquired as a part of the Transaction. Borrowings issued at fixed rates and in U.S. dollars expose Foxtel to fair value interest rate risk and currency

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exchange rate risk. The Company manages fair value interest rate risk and currency exchange rate risk through the use of cross-currency interest rate swaps under which the Company exchanges fixed interest payments equivalent to the interest payments on the U.S. dollar denominated debt for floating rate Australian dollar denominated interest payments. The changes in fair value of derivatives designated as fair value hedges and the offsetting changes in fair value of the hedged items are recognized in Other, net. As of June 30, 2019, such adjustments increased the carrying value of borrowings by approximately \$4 million.

The total notional value of the fair value hedges was approximately A\$100 million as of June 30, 2019. The maximum hedged term over which the Company is hedging exposure to variability in interest payments is to July 2024.

During fiscal 2019 and 2018, the amount recognized in the Statement of Operations on derivative instruments designated as fair value hedges related to the ineffective portion was nil and the Company did not exclude any component of the changes in fair value of the derivative instruments from the assessment of hedge effectiveness.

Economic (non-designated) hedges

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives not designated as accounting hedges to mitigate foreign currency and interest rate risk. These are referred to as economic hedges. The changes in fair value of economic hedges are immediately recognized into the Statement of Operations. The total notional value of cross-currency interest rate derivatives classified as economic hedges was \$75 million as of June 30, 2019, which relate to the U.S. private placement 2009 debt.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are remeasured at fair value on a recurring basis, the Company has certain assets, primarily goodwill, intangible assets, equity method investments and property, plant and equipment, that are not required to be remeasured to fair value at the end of each reporting period. On an ongoing basis, the Company monitors whether events occur or circumstances change that would more likely than not reduce the fair values of these assets below their carrying amounts. If the Company determines that these assets are impaired, the Company would write down these assets to fair value. These nonrecurring fair value measurements are considered to be Level 3 in the fair value hierarchy.

During the third quarter of fiscal 2018, the Company recognized a \$957 million non-cash write-down of the carrying value of its investment in Foxtel from \$1,588 million to \$631 million. In the second quarter of fiscal 2018, the Company recognized non-cash write-downs of certain equity method investments of approximately \$13 million. During the second quarter of fiscal 2017, the Company recognized a \$227 million non-cash write-down of the carrying value of its investment in Foxtel from \$1,432 million to \$1,205 million. See Note 6—Investments.

During the third quarter of fiscal 2018, the Company recognized non-cash impairment charges of \$120 million and \$45 million to goodwill and intangible assets, respectively, at the News America Marketing reporting unit. The carrying value of goodwill decreased from \$301 million to \$181 million and the carrying value of intangible assets decreased from \$391 million to \$346 million. See Note 8—Goodwill and Other Intangible Assets.

During the third quarter of fiscal 2018, the Company recognized a \$41 million non-cash impairment charge to goodwill at the FOX SPORTS Australia reporting unit. The carrying value of goodwill decreased from \$490 million to \$449 million. See Note 8—Goodwill and Other Intangible Assets.

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During the fourth quarter of fiscal 2017, the Company recognized a non-cash impairment charge of approximately \$360 million related to the write-down of fixed assets at the U.K. newspapers. The carrying value of fixed assets decreased from \$731 million to \$371 million. See Note 7—Property, Plant and Equipment.

During the second quarter of fiscal 2017, the Company recognized a non-cash impairment charge of approximately \$310 million primarily related to the write-down of fixed assets at News Corp Australia. The carrying value of fixed assets decreased from \$667 million to \$375 million and the carrying value of the intangible assets decreased from \$48 million to \$30 million. See Note 7—Property, Plant and Equipment.

Other Fair Value Measurements

As of June 30, 2019, the carrying value of the Company’s outstanding borrowings approximates the fair value. The U.S. private placement borrowings are classified as Level 2 and the remaining borrowings are classified as Level 3 in the fair value hierarchy.

NOTE 12. STOCKHOLDERS’ EQUITY

Authorized Capital Stock

The Company’s authorized capital stock consists of 1,500,000,000 shares of Class A Common Stock, par value \$0.01 per share, 750,000,000 shares of Class B Common Stock, par value \$0.01 per share, 25,000,000 shares of Series Common Stock, par value \$0.01 per share, and 25,000,000 shares of Preferred Stock, par value \$0.01 per share.

Common Stock and Preferred Stock

Shares Outstanding—As of June 30, 2019, the Company had approximately 386 million shares of Class A Common Stock outstanding at a par value of \$0.01 per share and approximately 200 million shares of Class B Common Stock outstanding at a par value of \$0.01 per share. As of June 30, 2019, the Company had no shares of Series Common Stock and Preferred Stock outstanding.

Dividends—The following table summarizes the dividends declared and paid per share on both the Company’s Class A Common Stock and Class B Common Stock:

	For the fiscal years ended June 30,		
	2019	2018	2017
Cash dividends paid per share	\$ 0.20	\$ 0.20	\$ 0.20

The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Company’s Board of Directors (the “Board of Directors”). The Board of Directors’ decisions regarding the payment of future dividends will depend on many factors, including the Company’s financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

Voting Rights—Holders of the Company’s Class A Common Stock are entitled to vote only in the limited circumstances set forth in the Company’s Restated Certificate of Incorporation (the “Charter”). Holders of the Company’s Class B Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders.

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Liquidation Rights—In the event of a liquidation or dissolution of the Company, holders of Class A Common Stock and Class B Common Stock shall be entitled to receive all of the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of shares held by Class A Common Stock holders and Class B Common Stock holders, respectively. In the event of any merger or consolidation with or into another entity, the holders of Class A Common Stock and the holders of Class B Common Stock shall generally be entitled to receive substantially identical per share consideration.

Under the Company's Charter, the Board of Directors is authorized to issue shares of preferred stock or series common stock at any time, without stockholder approval, in one or more series and to fix the number of shares, designations, voting powers, if any, preferences and relative, participating, optional and other rights of such series, as well as any applicable qualifications, limitations or restrictions, to the full extent permitted by Delaware law, subject to the limitations set forth in the Charter, including stockholder approval requirements with respect to the issuance of preferred stock or series common stock entitling holders thereof to more than one vote per share.

Stock Repurchases

In May 2013, the Board of Directors authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. No stock repurchases were made during the fiscal years ended June 30, 2019, 2018 and 2017. Through August 5, 2019, the Company cumulatively repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately \$71 million. The remaining authorized amount under the stock repurchase program as of August 5, 2019 was approximately \$429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

The Company did not purchase any of its Class B Common Stock during the fiscal years ended June 30, 2019, 2018 and 2017.

Stockholder Rights Agreement

During fiscal 2018, the Board of Directors adopted the third amended and restated rights agreement, which is referred to below as the "rights agreement." Under the rights agreement, each outstanding share of common stock of the Company has attached to it one right. Initially, the rights are represented by the common stock of the Company, are not traded separately from the common stock and are not exercisable. The rights, unless redeemed or exchanged, will become exercisable for common stock of the Company 10 business days after the earlier of public announcement that a person or group has obtained beneficial ownership (defined to include stock which a person has the right to acquire, regardless of whether such right is subject to the passage of time or the satisfaction of conditions) of 15% or more of the outstanding shares of the Company's Class B Common Stock or launch of a tender offer to do so. Following such acquisition of beneficial ownership, each right will entitle its holder (other than the acquiring person or group) to purchase, at the exercise price (subject to adjustments provided in the rights agreement), a number of shares of the Company's Class A or Class B Common Stock, as applicable, having a then-current market value of twice the exercise price, and in the event of a subsequent merger or other acquisition of the Company or transfer of more than 50% of the Company or its assets, to

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purchase, at the exercise price, a number of shares of common stock of the acquiring entity having a then-current market value of twice the exercise price. The exercise price for the Company rights will be \$90.00, subject to certain adjustments.

The rights will not become exercisable by virtue of (i) any person's or group's beneficial ownership, as of the Distribution Date, of 15% or more of the Class B Common Stock of the Company, unless such person or group acquires beneficial ownership of additional shares of the Company's Class B Common Stock after June 18, 2018; (ii) the repurchase of the Company's shares that causes a holder to become the beneficial owner of 15% or more of the Company's Class B Common Stock, unless such holder acquires beneficial ownership of additional shares representing one percent or more of the Company's Class B Common Stock; (iii) acquisitions by way of a pro rata stock dividend or a stock split; (iv) acquisitions solely as a result of any unilateral grant of any security by the Company or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by the Company to its directors, officers and employees pursuant to any equity incentive or award plan; or (v) certain acquisitions determined by the Board of Directors to be inadvertent, provided, that following such acquisition, the acquirer promptly, but in any case within 10 business days, divests a sufficient number of shares so that such person would no longer otherwise qualify as an acquiring person.

The rights will expire on June 18, 2021, unless the rights agreement is earlier terminated or such date is advanced or extended by the Company, or the rights are earlier redeemed or exchanged by the Company. The description of the rights agreement is qualified in its entirety by reference to the rights agreement, including the form of the Certificate of Designations attached as an exhibit thereto.

NOTE 13. EQUITY-BASED COMPENSATION

Employees of the Company are eligible to participate in the News Corporation 2013 Long-Term Incentive Plan (the "2013 LTIP"), which provides for equity-based compensation including stock options, performance stock units ("PSUs"), restricted stock units ("RSUs") and other types of awards. The Company has the ability to award up to 30 million shares of Class A Common Stock under the terms of the 2013 LTIP in addition to awards assumed in connection with the Separation and with acquisitions.

The following table summarizes the Company's equity-based compensation expense from continuing operations reported in the Statements of Operations:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Total equity compensation expense	\$ 73	\$ 76	\$ 38
Total intrinsic value of stock options exercised	\$ 1	\$ 1	\$ 2

As of June 30, 2019, total compensation cost not yet recognized for all unvested awards held by the Company's employees was approximately \$52 million and is expected to be recognized over a weighted average period of between one and two years.

The tax benefit recognized on PSUs and RSUs for the Company's employees that vested and stock options that were exercised by the Company's employees during the applicable fiscal year was \$16 million, \$9 million and \$17 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

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Summary of Incentive Plans

The fair value of equity-based compensation granted under the 2013 LTIP is calculated according to the type of award issued. Cash settled awards are marked-to-market at the end of each reporting period.

Performance Stock Units

PSUs are grants that entitle the holder to shares of the Company's Class A Common Stock or the cash equivalent value of such shares based on the achievement of pre-established performance metrics over the applicable performance period. The fair value of PSUs is determined on the date of grant and expensed using a straight-line method over the applicable vesting period. The expense is adjusted to reflect the number of shares expected to vest based on management's determination of the probable achievement of the pre-established performance metrics. The Company records a cumulative adjustment in periods in which its estimate of the number of shares expected to vest changes. Additionally, the Company ultimately adjusts the expense recognized to reflect the actual vested shares following the final determination of the achievement of the performance conditions. Any person who holds PSUs shall have no ownership interest in the shares or cash to which such PSUs relate unless and until the shares or cash are delivered to the holder. All shares of Class A Common Stock reserved for cancelled or forfeited equity-based compensation awards become available for future grants. Commencing with awards granted in fiscal 2017, each PSU is entitled to receive dividend equivalents for each regular cash dividend on the Class A Common Stock paid by the Company during the award period, subject to the same terms and conditions as apply to the underlying award.

In the first quarter of fiscal 2017, certain participants in the plan received grants of PSUs which have a three-year performance measurement period. The number of shares that will be issued upon vesting of these PSUs can range from 0% to 200% of the target award, subject to three-year performance conditions consisting of pre-defined targets based on the Company's cumulative earnings per share, cumulative free cash flow and three-year total shareholder return ("TSR") relative to that of the companies that comprise the Standard and Poor's 500 Index. The fair value of the TSR market condition is determined using a Monte Carlo simulation model.

In the first quarter of fiscal 2019 and 2018, certain participants in the plan received grants of PSUs which have a three-year performance measurement period. The number of shares that will be issued upon vesting of these PSUs can range from 0% to 200% of the target award, subject to three-year performance conditions consisting of a combination of cumulative business-unit-specific revenue, EBITDA (as defined in Note 9—Borrowings) and free cash flow or the Company's cumulative earnings per share, cumulative free cash flow and three-year TSR relative to that of the companies that comprise the Standard and Poor's 1500 Media Index. In addition, certain participants other than named executive officers of the Company also received grants of PSUs which have a one-year performance measurement period. The number of shares that will be issued upon vesting of these PSUs can range from 0% to 200% of the target award, subject to one-year performance conditions consisting of a combination of business-unit-specific revenue and free cash flow or Company earnings per share and free cash flow.

For the fiscal years ended June 30, 2019, 2018 and 2017, the Company granted approximately 6.0 million, 4.4 million and 5.5 million PSUs, respectively, at target to the Company's employees, of which approximately 4.3 million, 3.2 million and 4.1 million PSUs, respectively, will be settled in Class A Common Stock, with the remaining PSUs, which are granted to executive directors and to employees in certain foreign locations, being settled in cash, assuming performance conditions are met.

For the fiscal years ended June 30, 2019, 2018 and 2017, approximately 4.2 million, 1.6 million and 2.8 million PSUs respectively, vested, of which approximately 1.1 million, 0.5 million and 1.0 million PSUs, respectively,

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were settled in cash for approximately \$15.4 million, \$6.6 million and \$13.1 million, respectively, before statutory tax withholdings.

Restricted Stock Units

RSU awards are grants that entitle the holder to shares of the Company's Class A Common Stock. The fair value of RSUs is based upon the fair market value of the shares underlying the awards on the grant date. Any person who holds RSUs shall have no ownership interest in the shares to which such RSUs relate unless and until the shares are delivered to the holder.

During fiscal 2019, 2018 and 2017, certain employees of the Company received grants of time-vested RSUs. Vesting of the awards is subject to the participants' continued employment with the Company through the applicable vesting date. During the fiscal years ended June 30, 2019, 2018 and 2017, 1.1 million, 0.3 million and 0.4 million RSUs, respectively, were granted to the Company's employees. These RSUs have graded vesting primarily over two to four years.

The following table summarizes the activity related to the target PSUs and RSUs granted to the Company's employees that will be settled in shares of the Company (PSUs and RSUs in thousands):

	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Number of shares	Weighted average grant- date fair value	Number of shares	Weighted average grant- date fair value	Number of shares	Weighted average grant- date fair value
<i>PSUs and RSUs</i>						
Unvested units at beginning of the year	9,341	\$ 14.54	8,652	\$ 15.57	7,773	\$ 17.34
Granted(a)	5,445	12.98	3,510	13.47	4,502	14.69
Vested(b)	(3,534)	14.72	(1,467)	16.70	(2,387)	18.38
Cancelled(c)	(972)	14.02	(1,354)	16.04	(1,236)	17.08
Unvested units at the end of the year(d)	<u>10,280</u>	<u>\$ 13.70</u>	<u>9,341</u>	<u>\$ 14.54</u>	<u>8,652</u>	<u>\$ 15.57</u>

(a) For fiscal 2019, includes 3.8 million target PSUs and 1.1 million RSUs granted and a payout adjustment of 0.5 million PSUs due to the actual performance level achieved for PSUs granted in fiscal 2018 that vested during fiscal 2019.

For fiscal 2018, includes 3.2 million target PSUs and 0.3 million RSUs granted.

For fiscal 2017, includes 4.1 million target PSUs and 0.4 million RSUs granted.

(b) The fair value of PSUs and RSUs held by the Company's employees that vested during the fiscal years ended June 30, 2019, 2018 and 2017 was \$52 million, \$25 million and \$44 million, respectively.

(c) For fiscal 2019, includes 0.6 million of target PSUs and 0.1 million RSUs cancelled and a payout adjustment of 0.3 million PSUs due to the actual performance level achieved for PSUs granted in fiscal 2016 that vested during fiscal 2019.

For fiscal 2018, includes 0.6 million of target PSUs and 0.1 million RSUs cancelled and a payout adjustment of 0.7 million PSUs due to the actual performance level achieved for PSUs granted in fiscal 2015 that vested during fiscal 2018.

For fiscal 2017, includes 0.7 million of target PSUs and 0.1 million RSUs cancelled and a payout adjustment of 0.4 million PSUs due to the actual performance level achieved for PSUs granted in fiscal 2014 that vested during fiscal 2017.

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(d) The intrinsic value of these unvested RSUs and target PSUs was approximately \$139 million as of June 30, 2019.

Stock Options

The following table summarizes information about stock option transactions for the employee stock option plans (options in thousands):

	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at the beginning of the year	473	\$ 7.61	666	\$ 7.74	1,238	\$ 9.03
Exercised	(136)	6.58	(189)	8.04	(354)	7.78
Cancelled	(2)	5.90	(4)	9.04	(218)	15.00
Outstanding at the end of the year ^(a)	<u>335</u>	<u>\$ 8.04</u>	<u>473</u>	<u>\$ 7.61</u>	<u>666</u>	<u>\$ 7.74</u>
Exercisable at the end of the year ^(b)	335		470		585	

(a) The intrinsic value of options outstanding held by the Company's employees as of June 30, 2019, 2018 and 2017 was \$1.9 million, \$3.7 million and \$4.0 million, respectively. The weighted average remaining contractual life of options outstanding as of June 30, 2019 was 3.34 years.

(b) The weighted average remaining contractual life of options exercisable as of June 30, 2019 was 3.34 years.

NOTE 14. EARNINGS (LOSS) PER SHARE

The following tables set forth the computation of basic and diluted earnings (loss) per share under ASC 260, "Earnings per Share":

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions, except per share amounts)		
Net income (loss)	\$ 228	\$ (1,444)	\$ (643)
Less: Net income attributable to noncontrolling interests	(73)	(70)	(95)
Less: Redeemable preferred stock dividends ^(a)	—	(2)	(2)
Net income (loss) available to News Corporation stockholders	<u>\$ 155</u>	<u>\$ (1,516)</u>	<u>\$ (740)</u>
Weighted-average number of shares of common stock outstanding—basic	584.7	582.7	581.4
Dilutive effect of equity awards ^(b)	3.2	—	—
Weighted-average number of shares of common stock outstanding—diluted	<u>587.9</u>	<u>582.7</u>	<u>581.4</u>
Net income (loss) available to News Corporation stockholders per share—basic	\$ 0.27	\$ (2.60)	\$ (1.27)
Net income (loss) available to News Corporation stockholders per share—diluted	\$ 0.26	\$ (2.60)	\$ (1.27)

(a) Refer to Note 10—Redeemable Preferred Stock.

(b) The dilutive impact of the Company's PSUs, RSUs and stock options has been excluded from the calculation of diluted loss per share for the fiscal years ended June 30, 2018 and 2017 because their inclusion would have an antidilutive effect on the net loss per share.

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NOTE 15. RELATED PARTY TRANSACTIONS

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties to purchase and/or sell advertising and administrative services. The Company has also previously entered into transactions with related parties to sell certain broadcast rights. The following table sets forth the net revenue from related parties included in the Statements of Operations:

	For the fiscal years ended June 30,		
	2019	2018(a)	2017
	(in millions)		
Related party revenue (expense), net	\$ (96)	\$ 240	\$ 307

(a) Related party revenue, net of expenses, includes nine months of affiliate fees earned by FOX SPORTS Australia from Foxtel in fiscal 2018. The Company began consolidating the results of Foxtel in the fourth quarter of fiscal 2018 as a result of the Transaction.

The following table sets forth the amount of receivables due from and payables due to related parties outstanding on the Balance Sheets:

	As of June 30,	
	2019	2018
	(in millions)	
Accounts receivable from related parties	\$ 8	\$ 32
Accounts payable to related parties	4	17

NOTE 16. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The following table summarizes the Company's material firm commitments as of June 30, 2019:

	As of June 30, 2019				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years (in millions)	3-5 years	More than 5 years
Purchase obligations(a)	\$1,012	\$ 461	\$ 362	\$ 138	\$ 51
Sports programming rights(b)	1,793	501	912	380	—
Programming costs(c)	378	141	183	54	—
Operating leases(d)					
Transmission costs(e)	408	63	121	115	109
Land and buildings	1,499	172	289	248	790
Plant and machinery	12	5	6	1	—
Borrowings(f)	1,449	450	579	270	150
Interest payments on borrowings(g)	111	45	51	15	—
Total commitments and contractual obligations	<u>\$6,662</u>	<u>\$ 1,838</u>	<u>\$ 2,503</u>	<u>\$ 1,221</u>	<u>\$ 1,100</u>

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- (a) The Company has commitments under purchase obligations related to minimum subscriber guarantees for license fees, printing contracts, capital projects, marketing agreements, production services and other legally binding commitments.
- (b) The Company has sports programming rights commitments with the National Rugby League, Australian Football League, Cricket Australia, domestic football league and Australian Rugby Union as well as certain other broadcast rights which are payable through fiscal 2024.
- (c) The Company has programming rights commitments with various suppliers for programming content.
- (d) The Company leases office facilities, warehouse facilities, printing plants, satellite services and equipment. These leases, which are classified as operating leases, are expected to be paid at certain dates through fiscal 2021. This amount includes approximately \$45 million of office facilities that have been subleased from Fox Corporation ("FOX").
- (e) The Company has contractual commitments for satellite transmission services. The transponder services arrangements extend through 2029 and are accounted for as operating leases.
- (f) See Note 9—Borrowings.
- (g) Reflects the Company's expected future interest payments on borrowings outstanding and interest rates applicable at June 30, 2019. Such rates are subject to change in future periods. See Note 9—Borrowings.

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss. The Company recognizes gain contingencies when the gain becomes realized or realizable.

News America Marketing

Insignia Systems, Inc.

On July 11, 2019, Insignia Systems, Inc. ("Insignia") filed a complaint in the U.S. District Court for the District of Minnesota against News America Marketing FSI L.L.C. ("NAM FSI"), News America Marketing In-Store Services L.L.C. ("NAM In-Store") and News Corporation (together, the "NAM Parties") alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys' fees and costs. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Parties believe they have been compliant with applicable laws and intend to defend themselves vigorously.

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Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (“Valassis”) filed a complaint in the U.S. District Court for the Eastern District of Michigan (the “District Court”) against News America Incorporated, NAM FSI, NAM In-Store and News Corporation (together, the “NAM Group”) alleging violations of federal and state antitrust laws and common law business torts. The complaint sought treble damages, injunctive relief and attorneys’ fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the complaint, and on March 30, 2016, the District Court ordered that Valassis’s bundling and tying claims be dismissed and that all remaining claims in the NAM Group’s motion to dismiss be referred to a panel of antitrust experts (the “Antitrust Expert Panel”) appointed in connection with a prior action brought by Valassis against certain members of the NAM Group. The Antitrust Expert Panel was convened and, on February 8, 2017, recommended that the NAM Group’s counterclaims in the action be dismissed with leave to replead three of the four counterclaims. The NAM Group filed an amended counterclaim on February 27, 2017. Valassis subsequently filed motions with the District Court seeking either to re-open the case in the District Court or to transfer the case to the U.S. District Court for the Southern District of New York (the “N.Y. District Court”). On September 25, 2017, the District Court granted Valassis’s motions and transferred the case to the N.Y. District Court. On April 13, 2018, the NAM Group filed a motion for summary judgment dismissing the case with the N.Y. District Court, and on February 21, 2019, the N.Y. District Court granted the NAM Group’s motion in part and denied it in part. The N.Y. District Court found that the NAM Group’s bidding practices were lawful but denied the NAM Group’s motion with respect to claims arising out of certain other alleged contracting practices. Valassis also ceased to pursue its claims relating to free-standing insert products, and those claims were dismissed. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

In-Store Marketing and FSI Purchasers

On February 29, 2016, the parties agreed to settle the litigation in the N.Y. District Court in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. alleged various claims under federal and state antitrust law against the NAM Group. Pursuant to the terms of the settlement, the NAM Group paid the settlement amount of approximately \$250 million during the quarter ended September 30, 2016, and the litigation was subsequently dismissed with prejudice.

U.K. Newspaper Matters

Civil claims have been brought against the Company with respect to, among other things, voicemail interception and inappropriate payments to public officials at the Company’s former publication, *The News of the World*, and at *The Sun*, and related matters (the “U.K. Newspaper Matters”). The Company has admitted liability in many civil cases and has settled a number of cases. The Company also settled a number of claims through a private compensation scheme which was closed to new claims after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox would indemnify the Company for payments made after the Distribution Date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the previously concluded criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. 21st Century Fox’s indemnification obligations with respect to these matters are settled on an after-tax basis. In March 2019, as part of the separation of FOX from 21st Century Fox, the Company, News Corp Holdings UK &

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Ireland, 21st Century Fox and FOX entered into a Partial Assignment and Assumption Agreement, pursuant to which, among other things, 21st Century Fox assigned, conveyed and transferred to FOX all of its indemnification obligations with respect to the U.K. Newspaper Matters.

The net expense (benefit) related to the U.K. Newspaper Matters in Selling, general and administrative was \$10 million, (\$35) million and \$10 million for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017, respectively. As of June 30, 2019, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately \$53 million. The amount to be indemnified by FOX of approximately \$49 million was recorded as a receivable in Other current assets on the Balance Sheet as of June 30, 2019. The net benefit for the fiscal year ended June 30, 2018 reflects a \$46 million impact from the reversal of a portion of the Company's previously accrued liability and the corresponding receivable as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes. It is not possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

The Company is not able to predict the ultimate outcome or cost of the civil claims. It is possible that these proceedings and any adverse resolution thereof could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

Other

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable.

The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid; however, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress, or as settlements or litigations occur.

NOTE 17. RETIREMENT BENEFIT OBLIGATIONS

The Company's employees participate in various defined benefit pension and postretirement plans sponsored by the Company and its subsidiaries. Plans in the U.S., U.K., Australia, and other foreign plans are accounted for as defined benefit pension plans. Accordingly, the funded and unfunded position of each plan is recorded in the Balance Sheets. Actuarial gains and losses that have not yet been recognized through net income are recorded in Accumulated other comprehensive loss, net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and the recognition of expenses related to the plans are dependent on various assumptions. The major assumptions primarily relate to discount rates, expected long-term rates of return on plan assets and mortality rates. Management develops each assumption using relevant company experience in conjunction with market-related data for each individual country in which such plans exist. The funded status of the plans can change from year to year, but the assets of the funded plans have been sufficient to pay all benefits that came due in each of fiscal 2019, 2018 and 2017.

Summary of Funded Status

The Company uses a June 30 measurement date for all pension and postretirement benefit plans. The combined domestic and foreign pension and postretirement benefit plans resulted in a net pension and postretirement

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benefits liability of \$159 million and \$120 million at June 30, 2019 and 2018, respectively. The Company recognized these amounts in the Balance Sheets at June 30, 2019 and 2018 as follows:

	Pension Benefits				Postretirement benefits		Total	
	Domestic		Foreign					
	2019	2018	2019	2018	2019	2018	2019	2018
	(in millions)							
Other non-current assets	\$ —	\$ —	\$ 117	\$ 135	\$ —	\$ —	\$ 117	\$ 135
Other current liabilities	—	—	(2)	(1)	(8)	(9)	(10)	(10)
Retirement benefit obligations	(87)	(74)	(78)	(74)	(101)	(97)	(266)	(245)
Net amount recognized	<u>\$(87)</u>	<u>\$(74)</u>	<u>\$ 37</u>	<u>\$ 60</u>	<u>\$(109)</u>	<u>\$(106)</u>	<u>\$(159)</u>	<u>\$(120)</u>

The following table sets forth the change in the projected benefit obligation, change in the fair value of the Company's plan assets and funded status:

	Pension Benefits				Postretirement Benefits		Total	
	Domestic		Foreign					
	2019	2018	2019	2018	2019	2018	2019	2018
	As of June 30, (in millions)							
Projected benefit obligation, beginning of the year	\$334	\$368	\$1,040	\$1,216	\$ 106	\$ 117	\$1,480	\$1,701
Service cost	—	—	2	6	—	—	2	6
Interest cost	13	12	25	29	4	3	42	44
Benefits paid	(22)	(27)	(41)	(45)	(8)	(8)	(71)	(80)
Settlements(a)	—	—	(23)	(29)	—	—	(23)	(29)
Actuarial loss/(gain)(b)	25	(19)	52	(151)	8	(6)	85	(176)
Foreign exchange rate changes	—	—	(39)	14	(1)	—	(40)	14
Amendments, transfers and other	—	—	9	—	—	—	9	—
Projected benefit obligation, end of the year	<u>350</u>	<u>334</u>	<u>1,025</u>	<u>1,040</u>	<u>109</u>	<u>106</u>	<u>1,484</u>	<u>1,480</u>
Change in the fair value of plan assets for the Company's benefit plans:								
Fair value of plan assets, beginning of the year	260	277	1,100	1,112	—	—	1,360	1,389
Actual return on plan assets	21	9	56	26	—	—	77	35
Employer contributions	4	1	12	28	—	—	16	29
Benefits paid	(22)	(27)	(41)	(45)	—	—	(63)	(72)
Settlements(a)	—	—	(23)	(29)	—	—	(23)	(29)
Foreign exchange rate changes	—	—	(42)	8	—	—	(42)	8
Fair value of plan assets, end of the year	<u>263</u>	<u>260</u>	<u>1,062</u>	<u>1,100</u>	<u>—</u>	<u>—</u>	<u>1,325</u>	<u>1,360</u>
Funded status	<u>\$(87)</u>	<u>\$(74)</u>	<u>\$ 37</u>	<u>\$ 60</u>	<u>\$(109)</u>	<u>\$(106)</u>	<u>\$(159)</u>	<u>\$(120)</u>

(a) Amounts related to payments made to former employees of the Company in full settlement of their deferred pension benefits.

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- (b) Fiscal 2019 actuarial losses related to domestic and foreign pension plans primarily relates to the decrease in discount rates used in measuring plan obligations as of June 30, 2019. Fiscal 2018 actuarial gains related to domestic and foreign pension plans primarily relates to the increase in discount rates for the U.S. and U.K. plans used in measuring plan obligations as of June 30, 2018.

Amounts recognized in Accumulated other comprehensive loss consist of:

	Pension Benefits				Postretirement Benefits		Total	
	Domestic		Foreign					
			As of June 30,					
	2019	2018	2019	2018	2019	2018	2019	2018
	(in millions)							
Actuarial losses (gains)	\$142	\$126	\$333	\$316	\$ 1	\$ (7)	\$476	\$435
Prior service cost (benefit)	—	—	9	—	(25)	(28)	(16)	(28)
Net amounts recognized	\$142	\$126	\$342	\$316	\$(24)	\$ (35)	\$460	\$407

Accumulated pension benefit obligations as of June 30, 2019 and 2018 were \$1,365 million and \$1,364 million, respectively. Below is information about funded and unfunded pension plans.

	Domestic Pension Benefits					
	Funded Plans		Unfunded Plans		Total	
			As of June 30,			
	2019	2018	2019	2018	2019	2018
	(in millions)					
Projected benefit obligation	\$335	\$320	\$ 15	\$ 14	\$350	\$334
Accumulated benefit obligation	335	320	15	14	350	334
Fair value of plan assets	263	260	—	—	263	260

	Foreign Pension Benefits					
	Funded Plans		Unfunded Plans		Total	
			As of June 30,			
	2019	2018	2019	2018	2019	2018
	(in millions)					
Projected benefit obligation	\$ 955	\$ 971	\$ 70	\$ 69	\$1,025	\$1,040
Accumulated benefit obligation	945	961	70	69	1,015	1,030
Fair value of plan assets	1,062	1,100	—	—	1,062	1,100

The accumulated benefit obligation exceeds the fair value of plan assets for all domestic pension plans. Below is information about foreign pension plans in which the accumulated benefit obligation exceeds the fair value of the plan assets.

	Foreign Pension Benefits					
	Funded Plans		Unfunded Plans		Total	
			As of June 30,			
	2019	2018	2019	2018	2019	2018
	(in millions)					
Projected benefit obligation	\$253	\$235	\$ 70	\$ 69	\$323	\$304
Accumulated benefit obligation	253	235	70	69	323	304
Fair value of plan assets	244	229	—	—	244	229

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Summary of Net Periodic Benefit Costs

The Company recorded (\$2) million, \$3 million and \$1 million in net periodic benefit (income) costs in the Statements of Operations for the fiscal years ended June 30, 2019, 2018 and 2017, respectively. The Company utilizes the full yield-curve approach to estimate the service and interest cost components of net periodic benefit (income) costs for its pension and other postretirement benefit plans.

The amortization of amounts related to unrecognized prior service costs (credits), deferred losses and settlements, curtailments and other were reclassified out of Other comprehensive income as a component of net periodic benefit costs. The components of net periodic benefits costs (income) were as follows:

	Pension Benefits						Postretirement Benefits			Total		
	Domestic			Foreign			For the fiscal years ended June 30,					
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
	(in millions)											
Service cost benefits earned during the period	\$ —	\$ —	\$ —	\$ 2	\$ 6	\$ 9	\$ —	\$ —	\$ —	\$ 2	\$ 6	\$ 9
Interest costs on projected benefit obligations	13	12	12	25	29	29	4	3	3	42	44	44
Expected return on plan assets	(15)	(18)	(18)	(46)	(53)	(57)	—	—	—	(61)	(71)	(75)
Amortization of deferred losses	4	5	5	10	18	16	—	—	—	14	23	21
Amortization of prior service costs	—	—	—	—	—	—	(3)	(3)	(4)	(3)	(3)	(4)
Settlements, curtailments and other	—	—	3	4	4	3	—	—	—	4	4	6
Net periodic benefit (income) costs – Total	<u>\$ 2</u>	<u>\$ (1)</u>	<u>\$ 2</u>	<u>\$ (5)</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ 1</u>

Additional information:

	Pension Benefits						Postretirement Benefits		
	Domestic			Foreign			For the fiscal years ended June 30,		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Weighted-average assumptions used to determine benefit obligations									
Discount rate	3.6%	4.2%	3.8%	2.3%	2.8%	2.7%	3.3%	4.0%	3.5%
Rate of increase in future compensation	N/A	N/A	N/A	3.4%	3.1%	2.8%	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost									
Discount rate for PBO	4.2%	3.8%	3.8%	2.8%	2.7%	2.9%	4.0%	3.5%	3.4%
Discount rate for Service Cost	4.3%	4.0%	4.1%	3.7%	3.8%	3.1%	4.3%	3.9%	3.7%
Discount rate for Interest on PBO	3.9%	3.3%	3.0%	2.5%	2.4%	2.5%	3.6%	2.9%	2.6%
Discount rate for Interest on Service Cost	4.3%	3.8%	3.8%	3.3%	3.4%	2.9%	4.1%	3.5%	3.2%
Expected return on plan assets	6.0%	6.5%	6.5%	4.4%	4.7%	5.5%	N/A	N/A	N/A
Rate of increase in future compensation	N/A	N/A	N/A	3.1%	2.8%	2.7%	N/A	N/A	N/A

N/A—not applicable

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The following assumed health care cost trend rates as of June 30 were also used in accounting for postretirement benefits:

	Postretirement benefits	
	Fiscal 2019	Fiscal 2018
Health care cost trend rate	6.4%	6.8%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.7%	4.6%
Year that the rate reaches the ultimate trend rate	2027	2027

The following table sets forth the estimated benefit payments for the next five fiscal years, and in aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure the Company's benefit obligation at the end of the fiscal year and include benefits attributable to estimated future employee service:

Fiscal year:	Expected Benefit Payments			
	Pension Benefits		Postretirement Benefits	Total
	Domestic	Foreign		
	(in millions)			
2020	\$ 27	\$ 56	\$ 9	\$ 92
2021	21	44	9	74
2022	21	46	9	76
2023	21	47	9	77
2024	21	47	8	76
2025-2029	103	239	35	377

Plan Assets

The Company applies the provisions of ASC 715, which requires disclosures including: (i) investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure plan assets; (iv) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and (v) significant concentrations of risk within plan assets.

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The table below presents the Company's plan assets by level within the fair value hierarchy, as described in Note 2—Summary of Significant Accounting Policies, as of June 30, 2019 and 2018:

	Fiscal 2019					Fiscal 2018				
	Fair Value Measurements at Reporting Date Using					Fair Value Measurements at Reporting Date Using				
	Total	Level 1	Level 2	Level 3	NAV	Total	Level 1	Level 2	Level 3	NAV
	(in millions)									
Assets										
Pooled funds:(a)										
Domestic equity funds	\$ 73	\$ —	\$ —	\$ —	\$ 73	\$ 73	\$ —	\$ —	\$ —	\$ 73
International equity funds	201	—	—	—	201	206	—	—	—	206
Domestic fixed income funds	147	—	—	—	147	142	—	—	—	142
International fixed income funds	704	—	—	—	704	679	—	—	—	679
Balanced funds	146	—	89	—	57	186	—	107	—	79
Other	54	45	—	9	—	74	64	—	10	—
Total	<u>\$1,325</u>	<u>\$ 45</u>	<u>\$ 89</u>	<u>\$ 9</u>	<u>\$1,182</u>	<u>\$1,360</u>	<u>\$ 64</u>	<u>\$ 107</u>	<u>\$ 10</u>	<u>\$ 1,179</u>

(a) Open-ended pooled funds that are registered and/or available to the general public are valued at the daily published net asset value ("NAV"). Other pooled funds are valued at the NAV provided by the fund issuer.

The table below sets forth a summary of changes in the fair value of investments reflected as Level 3 assets as of June 30, 2019 and 2018:

	Level 3 Investments (in millions)
Balance, June 30, 2017	\$ 11
Actual return on plan assets:	
Relating to assets still held at end of period	—
Relating to assets sold during the period	—
Purchases, sales, settlements and issuances	(1)
Transfers in and out of Level 3	—
Balance, June 30, 2018	\$ 10
Actual return on plan assets:	
Relating to assets still held at end of period	—
Relating to assets sold during the period	—
Purchases, sales, settlements and issuances	(1)
Transfers in and out of Level 3	—
Balance, June 30, 2019	<u>\$ 9</u>

The Company's investment strategy for its pension plans is to maximize the long-term rate of return on plan assets within an acceptable level of risk in order to minimize the cost of providing pension benefits while maintaining adequate funding levels. The Company's practice is to conduct a periodic strategic review of its

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asset allocation. The Company's current broad strategic targets are to have a pension asset portfolio comprised of 23% equity securities, 68% fixed income securities and 9% in cash and other investments. In developing the expected long-term rate of return, the Company considered the pension asset portfolio's past average rate of returns and future return expectations of the various asset classes. A portion of the other allocation is reserved in cash to provide for expected benefits to be paid in the short term. The Company's equity portfolios are managed in such a way as to achieve optimal diversity. The Company's fixed income portfolio is investment grade in the aggregate. The Company does not manage any assets internally.

The Company's benefit plan weighted-average asset allocations, by asset category, are as follows:

Asset Category:	Pension benefits	
	As of June 30,	
	2019	2018
Equity securities	22%	23%
Debt securities	68%	65%
Cash and other	10%	12%
Total	<u>100%</u>	<u>100%</u>

Required pension plan contributions for the next fiscal year are expected to be approximately \$20 million; however, actual contributions may be affected by pension asset and liability valuation changes during the year. The Company will continue to make voluntary contributions as necessary to improve funded status.

NOTE 18. OTHER POSTRETIREMENT BENEFITS

Multiemployer Pension and Postretirement Plans

The Company contributes to various multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover certain of its union-represented employees, primarily at the newspaper businesses. The risks of participating in these multiemployer pension plans are different from single-employer pension plans in that (i) contributions made by the Company to the multiemployer pension plans may be used to provide benefits to employees of other participating employers; (ii) if the Company chooses to stop participating in certain of these multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability; and (iii) actions taken by a participating employer that lead to a deterioration of the financial health of a multiemployer pension plan may result in the unfunded obligations of the multiemployer pension plan being borne by its remaining participating employers. While no multiemployer pension plan that the Company contributed to is individually significant to the Company, the Company was listed on certain Form 5500s as providing more than 5% of total contributions based on the current information available. The financial health of a multiemployer plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's actuary. In general, plans in the red zone are less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded. The funded status for two of the plans for which the Company was listed as providing more than 5% of total contributions reported green zone status for the most recent available plan year. The funded status for one of the plans for which the Company was listed as providing more than 5% of total contributions reported red zone status for the most recent available plan year. Total contributions made by the Company to multiemployer pension plans for each of the fiscal years ended June 30, 2019, 2018 and 2017 were approximately \$5 million.

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Defined Contribution Plans

The Company has defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were \$145 million, \$145 million and \$137 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Deferred Compensation Plan

The Company has non-qualified deferred compensation plans for the benefit of certain management employees. The investment funds offered to the participants generally correspond to the funds offered in the Company's 401(k) plan, and the account balance fluctuates with the investment returns on those funds. The unfunded obligations of the plans included in Other liabilities as of June 30, 2019 and 2018 were \$45 million and \$41 million, respectively, and the majority of these plans are closed to new employees.

NOTE 19. INCOME TAXES

Income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax assets and liabilities, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act included significant changes to the U.S. corporate income tax system including, among other things, lowering the U.S. statutory federal tax rate to 21%. The reduction of the U.S. corporate tax rate caused the Company to adjust its U.S. deferred tax assets and liabilities to the lower federal rate of 21% in the fiscal year ended June 30, 2018. The Tax Act also added many new provisions, including a one-time repatriation tax on deemed repatriation of historical earnings of foreign subsidiaries ("transition tax"), changes to bonus depreciation, limits on deductions for executive compensation and interest expense, a tax on global intangible low-taxed income ("GILTI"), the base erosion anti-abuse tax ("BEAT") and a deduction for foreign-derived intangible income. The Company has elected to account for the tax on GILTI and BEAT as a period cost and thus has not adjusted any net deferred tax assets of its foreign subsidiaries for the new tax. However, the Company has considered the potential impact of GILTI and BEAT on its U.S. federal net operating loss ("NOL") carryforward and determined that the projected tax benefit to be received from its NOL carryforward may be reduced due to these provisions.

The changes included in the Tax Act are broad and complex. The SEC issued Staff Accounting Bulletin No. 118 (SAB 118), as amended by ASU 2018-05, which provides guidance for companies related to the Tax Act. ASU 2018-05 allows for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. The Company's accounting for the tax effects of the Tax Act were completed in the second quarter of fiscal 2019. Although the Company believes the effects of the Tax Act have been appropriately recorded, it will continue to monitor, among other things, changes in interpretations of the Tax Act, any legislative action arising because of the Tax Act and any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. The Company intends to assess the impact of any such changes in legislative interpretations or standards and adjust its provision as new information becomes available.

In accordance with SAB 118, the Company has made reasonable estimates related to (1) the remeasurement of its U.S. deferred tax balances for the reduction in the statutory tax rate, (2) the liability for the transition tax and (3) the partial valuation allowance recorded against its federal NOL carryforward due to the impact of the GILTI

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and BEAT provisions. As a result, the Company recognized a net provisional income tax expense of \$237 million associated with these items in the fiscal year ended June 30, 2018. In fiscal 2019, the Company determined that there were no material changes to the provisional amounts recorded as of June 30, 2018.

Income (loss) before income tax expense was attributable to the following jurisdictions:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
U.S.	\$ 99	\$ (55)	\$ 84
Foreign	255	(1,034)	(699)
Income (loss) before income tax expense	<u>\$354</u>	<u>\$(1,089)</u>	<u>\$(615)</u>

The significant components of the Company's income tax expense were as follows:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Current:			
U.S.			
Federal	\$ 5	\$ 4	\$ 1
State & Local	2	8	4
Foreign	118	107	118
Total current tax	<u>125</u>	<u>119</u>	<u>123</u>
Deferred:			
U.S.			
Federal	26	269	57
State & Local	5	(9)	(1)
Foreign	(30)	(24)	(151)
Total deferred tax	<u>1</u>	<u>236</u>	<u>(95)</u>
Total income tax expense	<u>\$126</u>	<u>\$355</u>	<u>\$ 28</u>

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The reconciliation between the Company's actual effective tax rate and the statutory U.S. Federal income tax rate was as follows:

	For the fiscal years ended June 30,		
	2019	2018	2017
U.S. federal income tax rate(a)	21%	28%	35%
State and local taxes, net	2	(1)	—
Effect of foreign operations(b)	9	(2)	(17)
Change in valuation allowance(c)	—	1	(7)
Non-deductible goodwill and asset impairments(d)	5	(32)	(7)
Impact of the Tax Act(e)	—	(22)	—
Write-off of channel distribution agreement(f)	—	(9)	—
Income tax audit settlements(g)	—	5	(10)
Non-deductible compensation and benefits	1	(1)	(1)
R&D credits	(2)	—	1
Other, net	—	—	1
Effective tax rate(h)	<u>36%</u>	<u>(33)%</u>	<u>(5)%</u>

- (a) As the Company has a June 30 fiscal year-end, the impact of the lower tax rate from the Tax Act was phased in resulting in a U.S. statutory federal tax rate of approximately 28% for the fiscal year ended June 30, 2018 and a 21% U.S. statutory federal tax rate for fiscal years thereafter.
- (b) The Company's effective tax rate is impacted by the geographic mix of its pre-tax income. The Company's foreign operations are located primarily in Australia and the United Kingdom ("U.K.") which prior to the fiscal year ended June 30, 2018 had lower income tax rates than the U.S. Beginning with fiscal year ended June 30, 2019, Australia has a higher income tax rate than the U.S.
- (c) For the fiscal year ended June 30, 2017, valuation allowance increased by \$40 million related to foreign net operating losses, which more likely than not will not be utilized.
- (d) For the fiscal year ended June 30, 2019, the Company recorded non-cash charges of \$96 million related to the impairment of goodwill and indefinite-lived intangible assets, which reduced the Company's tax expense by \$10 million. These write-downs have an impact on our effective tax rate to the extent a lower tax benefit is recorded.

For the fiscal year ended June 30, 2018, the Company recorded non-cash charges of \$218 million related to the impairment of goodwill and a write-down of assets and investments of approximately \$1.1 billion, which reduced the Company's tax expense by \$54 million and \$301 million, respectively. These impairments and write-downs have an impact on our effective tax rate to the extent a lower tax benefit is recorded.

For the fiscal year ended June 30, 2017, the Company recorded non-cash charges of \$48 million related to the impairment of goodwill, which was non-deductible, and a write-down of \$360 million on U.K. fixed assets, a portion of which were non-deductible, which reduced the Company's tax expense by \$12 million and \$29 million, respectively. These impairments and write-downs have an impact on our effective tax rate to the extent a lower tax benefit is recorded.

- (e) As a result of the Tax Act, the Company recognized a net provisional income tax expense of \$237 million primarily related to the re-measurement of U.S. deferred tax balances for the reduction in tax rate, valuation allowances recorded on certain deferred tax assets, and the liability for the transition tax. In fiscal 2019, the Company determined that there were no material changes to the provisional amounts recorded as of June 30, 2018.

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- (f) Represents the tax effect of the write-off of the FOX SPORTS Australia channel distribution agreement intangible asset as a result of the Transaction, as well as other costs directly attributable to the Transaction.
- (g) In the fiscal year ended June 30, 2018, certain pre-Separation tax matters were effectively settled with the Internal Revenue Service. As a result of the settlement, the Company recorded a net income tax benefit of \$49 million, comprised of a current tax benefit of \$2 million and a deferred tax benefit of \$47 million.
- In the fiscal year ended June 30, 2017, the Company reached an agreement with a foreign tax authority to settle certain tax issues related to fiscal years 2010 through 2015. As a result of the settlement, the Company recorded net income tax expense of \$63 million. See "Uncertain Tax Positions" below.
- (h) For the fiscal year ended June 30, 2019, the effective tax rate of 36% represents income tax expense when compared to consolidated pre-tax book income. For the fiscal years ended June 30, 2018 and 2017, the effective tax rates of (33)% and (5)%, respectively, represent income tax expense when compared to consolidated pre-tax book loss.

The Company recognized deferred income taxes in the Balance Sheets as follows:

	As of June 30,	
	2019	2018
	(in millions)	
Deferred income tax assets	\$ 269	\$ 279
Deferred income tax liabilities	(295)	(389)
Net deferred tax liabilities	<u>\$ (26)</u>	<u>\$ (110)</u>

The significant components of the Company's deferred tax assets and liabilities were as follows:

	As of June 30,	
	2019	2018
	(in millions)	
Deferred tax assets:		
Accrued liabilities	\$ 78	\$ 95
Capital loss carryforwards	923	889
Retirement benefit obligations	53	38
Net operating loss carryforwards	397	348
Business tax credits	78	62
Other	210	294
Total deferred tax assets	<u>1,739</u>	<u>1,726</u>
Deferred tax liabilities:		
Asset basis difference and amortization	(266)	(362)
Other	(31)	(89)
Total deferred tax liabilities	<u>(297)</u>	<u>(451)</u>
Net deferred tax asset before valuation allowance	<u>1,442</u>	<u>1,275</u>
Less: valuation allowance (See Note 22—Valuation and Qualifying Accounts)	<u>(1,468)</u>	<u>(1,385)</u>
Net deferred tax liabilities	<u>\$ (26)</u>	<u>\$ (110)</u>

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As of June 30, 2019, the Company had income tax NOL Carryforwards (gross, net of uncertain tax benefits) in various jurisdictions as follows:

<u>Jurisdiction</u>	<u>Expiration</u>	<u>Amount (in millions)</u>
U.S. Federal	2021 to 2037	\$ 555
U.S. States	Various	444
Australia	Indefinite	516
U.K.	Indefinite	4
Other Foreign	Various	451

Utilization of the NOLs is dependent on generating sufficient taxable income from our operations in each of the respective jurisdictions to which the NOLs relate, while taking into account tax filing methodologies and limitations and/or restrictions on our ability to use them. Certain of our U.S. federal NOLs were acquired as part of the acquisitions of Move and Harlequin and are subject to limitations as promulgated under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). Section 382 of the Code limits the amount of NOLs that we can use on an annual basis to offset consolidated U.S. taxable income. The NOLs are also subject to review by relevant tax authorities in the jurisdictions to which they relate.

The Company recorded a deferred tax asset of \$397 million and \$348 million associated with its NOLs (net of approximately \$44 million and \$45 million, respectively, of unrecognized tax benefits recorded against deferred tax assets) as of June 30, 2019 and 2018, respectively. Significant judgment is applied in assessing our ability to realize our NOLs. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize existing deferred tax assets within the applicable expiration period.

On the basis of this evaluation, valuation allowances of \$216 million and \$195 million have been established to reduce the deferred tax asset associated with the Company's NOLs to an amount that will more likely than not be realized as of June 30, 2019 and 2018, respectively.

As of June 30, 2019, the Company had approximately \$2.2 billion and \$1.6 billion of capital loss carryforwards in Australia and the U.K., respectively, which may be carried forward indefinitely. The capital loss carryforwards are also subject to review by relevant tax authorities in the jurisdictions to which they relate. Realization of our capital losses is dependent on generating capital gain taxable income and satisfying certain continuity of business requirements. The Company recorded a deferred tax asset of \$923 million and \$889 million as of June 30, 2019 and 2018, respectively for these capital loss carryforwards. However, it is more likely than not that the Company will not generate capital gain income in the normal course of business in these jurisdictions. Accordingly, valuation allowances of \$923 million and \$889 million have been established to reduce the capital loss carryforward deferred tax asset to an amount that will more likely than not be realized as of June 30, 2019 and 2018, respectively.

As of June 30, 2019, the Company had approximately \$46 million of U.S. federal tax credit carryforwards which includes \$24 million of foreign tax credits and \$21 million of research and development credits, which begin to expire in 2026 and 2036, respectively, and \$1 million of alternative minimum tax credits which will be carried forward indefinitely.

As of June 30, 2019, the Company had approximately \$23 million of non-U.S. tax credit carryforwards which expire in various amounts beginning in 2026 and \$9 million of state tax credit carryforwards (net of U.S. federal benefit), which expire in various amounts beginning in 2019.

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In accordance with the Company's accounting policy, a valuation allowance of \$45 million has been established to reduce the deferred tax asset associated with the Company's U.S. foreign tax credits, non-U.S. and state credit carryforwards to an amount that will more likely than not be realized as of June 30, 2019.

Uncertain Tax Positions

The following table sets forth the change in the Company's unrecognized tax benefits, excluding interest and penalties:

	For the fiscal years ended June 30,		
	2019	2018 (in millions)	2017
Balance, beginning of period	\$ 62	\$ 64	\$ 86
Additions for prior year tax positions	—	2	107
Additions for current year tax positions	4	3	5
Reduction for prior year tax positions	—	(4)	(9)
Lapse of the statute of limitations	(6)	(3)	(8)
Settlement—cash	—	—	(21)
Settlement—tax attributes	—	(2)	(94)
Impact of currency translations	(2)	2	(2)
Balance, end of period	<u>\$ 58</u>	<u>\$ 62</u>	<u>\$ 64</u>

The Company recognizes interest and penalty charges related to unrecognized tax benefits as income tax expense, which is consistent with the recognition in prior reporting periods. The Company recognized a benefit related to interest and penalties of \$1 million for the fiscal year ended June 30, 2019 and interest and penalty charges of \$1 million and \$11 million for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. The Company recorded liabilities for accrued interest and penalties of approximately \$3 million, \$3 million and \$3 million as of June 30, 2019, 2018 and 2017, respectively.

In the fiscal year ended June 30, 2018, certain pre-Separation tax matters were effectively settled with the Internal Revenue Service. As a result of the settlement, the Company recorded a net income tax benefit of \$49 million, comprised of a current tax benefit of \$2 million and a deferred tax benefit of \$47 million.

In the fiscal year ended June 30, 2017, the Company reached an agreement with a foreign tax authority to settle certain tax issues related to fiscal years 2010 through 2015. As a result of the settlement, the Company recorded net income tax expense, including interest and penalties of \$63 million comprised of a current tax expense of \$20 million and a deferred tax expense of \$43 million.

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in our tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company is currently undergoing tax examinations in the U.S., various states and foreign jurisdictions. During the year ended June 30, 2018, the Internal Revenue Service commenced an audit of the Company for the year ended June 30, 2014. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, the Company may need to accrue additional income tax expense and our liability may need to be adjusted as new information becomes known and as these tax examinations continue to progress, or as settlements or litigations occur.

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The following is a summary of major tax jurisdictions for which tax authorities may assert additional taxes based upon tax years currently under audit and subsequent years that could be audited by the respective taxing authorities.

<u>Jurisdiction</u>	<u>Fiscal Years Open to Examination</u>
U.S. federal	2014, 2016-2018
U.S. states	Various
Australia	2015-2018
U.K.	2011-2018

It is reasonably possible that uncertain tax positions may increase or decrease in the next fiscal year, however, actual developments in this area could differ from those currently expected. As of June 30, 2019, approximately \$37 million would affect the Company's effective income tax rate, if and when recognized in future fiscal years. It is reasonably possible, the amount of uncertain tax liabilities which may be resolved within the next fiscal year is between the range of approximately nil and \$26 million, a portion of which will affect our effective income tax rate, primarily as a result of the settlement of tax examinations and the lapsing of statutes of limitations.

Other

Prior to the passage of the Tax Act, the Company asserted that substantially all of the undistributed earnings were considered indefinitely reinvested and accordingly, no deferred taxes were provided. Pursuant to the provisions promulgated in the Tax Act these earnings were subjected to the one-time transition tax, for which a provisional charge was recorded. It is the Company's intention to reinvest in these subsidiaries indefinitely as the Company does not anticipate the need to repatriate funds to satisfy domestic liquidity needs. An actual repatriation from these subsidiaries could be subject to foreign withholding taxes and U.S. state taxes. Calculation of the unrecognized tax liabilities is not practicable. Undistributed earnings of foreign subsidiaries considered to be indefinitely reinvested amounted to approximately \$2.7 billion as of June 30, 2019.

During the fiscal years ended June 30, 2019, 2018 and 2017, the Company paid gross income taxes of \$144 million, \$160 million and \$132 million, respectively, and received income tax refunds of \$18 million, \$7 million and \$9 million, respectively.

NOTE 20. SEGMENT INFORMATION

The Company manages and reports its businesses in the following five segments:

- **News and Information Services**—The News and Information Services segment includes the Company's global print, digital and broadcast radio media platforms. These product offerings include the global print and digital versions of *The Wall Street Journal* and Barron's Group, which includes *Barron's* and MarketWatch, the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance and Dow Jones Newswires, and its live journalism events. The Company also owns, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun*, *The Courier Mail* and *The Advertiser* in Australia, *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes News America Marketing, a leading provider of in-store marketing products and services, home-delivered shopper media and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a global video advertising marketplace, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency.

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- Subscription Video Services**—The Company’s Subscription Video Services segment provides video sports, entertainment and news services to pay-TV subscribers and other commercial licensees, primarily via cable, satellite and internet distribution, and consists of (i) the Company’s 65% interest in Foxtel (with the remaining 35% interest in Foxtel held by Telstra, an Australian Securities Exchange (“ASX”)-listed telecommunications company) and (ii) ANC. Foxtel is the largest pay-TV provider in Australia, with nearly 200 channels covering sports, general entertainment, movies, documentaries, music, children’s programming and news. Foxtel offers the leading sports programming content in Australia, with broadcast rights to live sporting events including: National Rugby League, Australian Football League, Cricket Australia, the domestic football league, the Australian Rugby Union and various motorsports programming. Foxtel also operates Foxtel Now, an over-the-top, or OTT, service and Kayo, a sports-only OTT service.

ANC operates the SKY NEWS network, Australia’s 24-hour multi-channel, multi-platform news service. ANC channels are distributed throughout Australia and New Zealand and available on Foxtel and Sky Network Television NZ. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites.
- Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 17 countries and particular strengths in general fiction, nonfiction, children’s and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, HarperCollins Children’s Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Chip and Joanna Gaines, Rick Warren, Sarah Young and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird*, *Jesus Calling* and *Hillbilly Elegy*.
- Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company’s 61.6% interest in REA Group and 80% interest in Move. The remaining 20% interest in Move is held by REA Group. REA Group is a market-leading digital media business specializing in property and is listed on the ASX (ASX: REA). REA Group advertises property and property-related services on its websites and mobile apps across Australia and Asia, including Australia’s leading residential, commercial and share property websites, realestate.com.au, realcommercial.com.au, Flatmates.com.au and spacely.com.au, and property portals in Asia. In addition, REA Group provides property-related data to the financial sector and financial services through an end-to-end digital property search and financing experience and a mortgage broking offering.

Move is a leading provider of online real estate services in the U.S. and primarily operates realtor.com®, a premier real estate information and services marketplace. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM Plus and AdvantageSM Pro products as well as its Opicity performance and subscription-based services. Move also offers a number of professional software and services products, including Top Producer® and ListHubTM.
- Other**—The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy Group and costs related to the U.K. Newspaper Matters. The Company’s Strategy Group identifies new products and services across its businesses to increase revenues and profitability and targets and assesses potential acquisitions, investments and dispositions.

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest (expense) income, net, other, net and income tax (expense) benefit.

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Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources within the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

		For the fiscal years ended June 30,		
		2019	2018	2017
		(in millions)		
Revenues:				
News and Information Services		\$ 4,956	\$ 5,119	\$5,069
Subscription Video Services		2,202	1,004	494
Book Publishing		1,754	1,758	1,636
Digital Real Estate Services		1,159	1,141	938
Other		3	2	2
Total Revenues		<u>\$10,074</u>	<u>\$ 9,024</u>	<u>\$8,139</u>
Segment EBITDA:				
News and Information Services		\$ 417	\$ 397	\$ 412
Subscription Video Services		380	173	123
Book Publishing		253	239	195
Digital Real Estate Services		384	401	324
Other		(190)	(139)	(172)
Depreciation and amortization		(659)	(472)	(449)
Impairment and restructuring charges		(188)	(351)	(927)
Equity losses of affiliates		(17)	(1,006)	(295)
Interest (expense) income, net		(59)	(7)	39
Other, net		33	(324)	135
Income (loss) before income tax expense		<u>354</u>	<u>(1,089)</u>	<u>(615)</u>
Income tax expense		(126)	(355)	(28)
Net income (loss)		<u>\$ 228</u>	<u>\$ (1,444)</u>	<u>\$ (643)</u>

		For the fiscal years ended June 30,		
		2019	2018	2017
		(in millions)		
Depreciation and amortization:				
News and Information Services		\$ 223	\$ 223	\$ 283
Subscription Video Services		292	107	32
Book Publishing		42	52	52
Digital Real Estate Services		97	87	78
Other		5	3	4
Total Depreciation and amortization		<u>\$ 659</u>	<u>\$ 472</u>	<u>\$ 449</u>

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	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Capital expenditures:			
News and Information Services	\$172	\$173	\$165
Subscription Video Services	307	81	14
Book Publishing	7	17	11
Digital Real Estate Services	78	78	66
Other	8	15	—
Total Capital expenditures	<u>\$572</u>	<u>\$364</u>	<u>\$256</u>

	As of June 30,	
	2019	2018
	(in millions)	
Total assets:		
News and Information Services	\$ 5,482	\$ 6,039
Subscription Video Services	4,406	4,738
Book Publishing	2,074	1,898
Digital Real Estate Services	2,229	2,171
Other ^(a)	1,185	1,107
Investments	335	393
Total assets	<u>\$ 15,711</u>	<u>\$ 16,346</u>

(a) The Other segment primarily includes Cash and cash equivalents.

	As of June 30,	
	2019	2018
	(in millions)	
Goodwill and intangible assets, net:		
News and Information Services	\$2,617	\$2,730
Subscription Video Services	2,595	2,853
Book Publishing	772	804
Digital Real Estate Services	1,589	1,502
Other	—	—
Total Goodwill and intangible assets, net	<u>\$7,573</u>	<u>\$7,889</u>

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Geographic Segments

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Revenues:(a)			
U.S. and Canada(b)	\$ 4,044	\$3,998	\$3,880
Europe(c)	1,664	1,766	1,671
Australasia and Other(d)	4,366	3,260	2,588
Total Revenues	<u>\$10,074</u>	<u>\$9,024</u>	<u>\$8,139</u>

- (a) Revenues are attributed to region based on location of customer.
- (b) Revenues include approximately \$3.9 billion for fiscal 2019, \$3.9 billion for fiscal 2018 and \$3.7 billion for fiscal 2017 from customers in the U.S.
- (c) Revenues include approximately \$1.3 billion for fiscal 2019, \$1.4 billion for fiscal 2018 and \$1.3 billion for fiscal 2017 from customers in the U.K.
- (d) Revenues include approximately \$4.0 billion for fiscal 2019, \$2.9 billion for fiscal 2018 and \$2.3 billion for fiscal 2017 from customers in Australia.

	As of June 30,	
	2019	2018
	(in millions)	
Long-lived assets:(a)		
U.S. and Canada	\$ 983	\$ 937
Europe	654	682
Australasia and Other	1,847	1,772
Total long-lived assets	<u>\$3,484</u>	<u>\$3,391</u>

- (a) Reflects total assets less current assets, goodwill, intangible assets, investments and deferred income tax assets.

There is no material reliance on any single customer. Revenues are attributed to countries based on location of customers.

Australasia comprises Australia, Asia, Papua New Guinea and New Zealand.

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NOTE 21. ADDITIONAL FINANCIAL INFORMATION

Other Non-Current Assets

The following table sets forth the components of Other non-current assets included in the Balance Sheets:

	As of June 30,	
	2019	2018
	(in millions)	
Royalty advances to authors	\$343	\$312
Retirement benefit assets	117	135
Inventory ^(a)	155	143
Other	315	241
Total Other non-current assets	<u>\$930</u>	<u>\$831</u>

(a) Primarily consists of the non-current portion of programming rights.

Other Current Liabilities

The following table sets forth the components of Other current liabilities:

	As of June 30,	
	2019	2018
	(in millions)	
Royalties and commissions payable	\$211	\$187
Allowance for sales returns ^(a)	192	—
Current tax payable	22	17
Other	299	168
Total Other current liabilities	<u>\$724</u>	<u>\$372</u>

(a) As a result of the adoption of the new revenue recognition standard during the first quarter of fiscal 2019, the Company reclassified the allowance for sales returns from Receivables, net to Other current liabilities. See Note 2—Summary of Significant Accounting Policies.

Other, net

The following table sets forth the components of Other, net included in the Statements of Operations:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Dividends received from equity security investments	\$ 24	\$ —	\$ —
Remeasurement of equity securities ^(a)	(23)	—	—
Loss on the Transaction ^(b)	—	(337)	—
Impairment of marketable securities and cost method investments ^(c)	—	(33)	(21)
Gain on sale of SEEKAsia ^(d)	—	32	—
Gain on sale of Australian property	16	—	—
Gain on sale of REA Group's European business ^(e)	—	—	107
Other ^(f)	16	14	49
Total Other, net	<u>\$ 33</u>	<u>\$(324)</u>	<u>\$135</u>

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- (a) As a result of the adoption of ASU 2016-01 during the first quarter of fiscal 2019, the Company has included the impact from the remeasurement of equity securities in Other, net in the Statement of Operations for the fiscal year ended June 30, 2019. During the fiscal year ended June 30, 2018, the impact from the remeasurement of equity securities was included in Accumulated other comprehensive loss in the Balance Sheets.
- (b) See Note 4—Acquisitions, Disposals and Other Transactions.
- (c) For the fiscal year ended June 30, 2018 and 2017, the write-downs of available-for-sale securities were reclassified out of Accumulated other comprehensive loss and included in Other, net in the Statements of Operations. See Note 6—Investment.
- (d) During the third quarter of fiscal 2018, the Company sold its investment in SEEKAsia for \$122 million in cash and recognized a \$32 million gain in Other, net in the Statements of Operations.
- (e) The Company recognized a pre-tax gain of \$107 million for the fiscal year ended June 30, 2017 related to REA Group’s sale of its European business. See Note 4—Acquisitions, Disposals and Other Transactions.
- (f) As a result of the adoption of ASU 2017-07 during the first quarter of fiscal 2019, the Company has included the other non-service cost components of net periodic benefit (income) cost in Other, net in the Statements of Operations for the fiscal years ended June 30, 2019, 2018 and 2017.

Supplemental Cash Flow Information

The following table sets forth the Company’s gross cash paid for taxes and interest:

	For the fiscal years ended June 30,		
	2019	2018	2017
	(in millions)		
Cash paid for interest	\$ 82	\$ 29	\$ 12
Cash paid for taxes	144	160	132

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NEWS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accumulated Other Comprehensive Loss

The components of Accumulated other comprehensive loss were as follows:

	For the fiscal years ended June 30, 2019 2018 2017 (in millions)		
Accumulated other comprehensive loss, net of tax:			
Unrealized holding gains (losses) on securities:			
Balance, beginning of year	\$ 22	\$ (5)	\$ 20
Fiscal year activity(a)	(22)	27	(25)
Balance, end of year	—	22	(5)
Cash flow hedge adjustments:			
Balance, beginning of year	4	—	—
Fiscal year activity(b)	2	4	—
Balance, end of year	6	4	—
Benefit Plan Adjustments:			
Balance, beginning of year	(309)	(437)	(445)
Fiscal year activity(c)	(43)	128	8
Balance, end of year	(352)	(309)	(437)
Foreign currency translation adjustments:			
Balance, beginning of year	(591)	(510)	(585)
Fiscal year activity(d)	(189)	(81)	75
Balance, end of year	(780)	(591)	(510)
Share of other comprehensive income from equity affiliates, net:			
Balance, beginning of year	—	(12)	(16)
Fiscal year activity(e)	—	12	4
Balance, end of year	—	—	(12)
Total accumulated other comprehensive loss, net of tax:			
Balance, beginning of year	(874)	(964)	(1,026)
Fiscal year activity, net of income taxes	(252)	90	62
Balance, end of year	<u><u>\$(1,126)</u></u>	<u><u>\$(874)</u></u>	<u><u>\$ (964)</u></u>

- (a) Net of income tax expense (benefit) of \$1 million and (\$10) million for the fiscal years ended June 30, 2018 and 2017, respectively. Upon adoption of ASU 2016-01, the Company recorded a \$22 million decrease to Accumulated deficit to reclassify the cumulative net unrealized gains (losses) for these investments as of July 1, 2018.
- (b) Net of income tax expense of \$1 million, \$2 million and nil for the fiscal years ended June 30, 2019, 2018 and 2017 respectively.
- (c) Net of income tax (benefit) expense of (\$10) million, \$28 million and \$8 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.
- (d) Excludes (\$58) million, (\$42) million and \$9 million relating to noncontrolling interests for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.
- (e) Net of income tax expense of nil, \$5 million, and \$2 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

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NEWS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22. VALUATION AND QUALIFYING ACCOUNTS

	Balance at beginning of year	Additions	Acquisitions and disposals	Utilization	Foreign exchange	Balance at end of year
	(in millions)					
<u>Fiscal 2019</u>						
Allowances for doubtful accounts	\$ (46)	\$ (5)	\$ (10)	\$ 14	\$ 1	\$ (46)
Allowances for sales returns ^(a)	(171)	(615)	—	593	1	(192)
Deferred tax valuation allowance	(1,385)	(53)	(122)	27	65	(1,468)
<u>Fiscal 2018</u>						
Allowances for doubtful accounts	\$ (42)	\$ (11)	\$ (5)	\$ 11	\$ 1	\$ (46)
Allowances for sales returns	(166)	(526)	—	519	2	(171)
Deferred tax valuation allowance	(1,187)	(409)	169	13	29	(1,385)
<u>Fiscal 2017</u>						
Allowances for doubtful accounts	\$ (43)	\$ (14)	\$ (2)	\$ 17	\$ —	\$ (42)
Allowances for sales returns	(170)	(590)	—	594	—	(166)
Deferred tax valuation allowance	(1,014)	(92)	(92)	23	(12)	(1,187)

(a) As a result of the adoption of the new revenue recognition standard during fiscal 2019, the Company reclassified the allowance for sales returns from Receivables, net to Other current liabilities. See Note 2—Summary of Significant Accounting Policies.

NOTE 23. QUARTERLY DATA (UNAUDITED)

For convenience purposes, all references to September 30, 2018 and September 30, 2017 refer to the three months ended September 30, 2018 and October 1, 2017, respectively. All references to December 31, 2018 and December 31, 2017 refer to the three months ended December 30, 2018 and December 31, 2017, respectively. All references to March 31, 2019 and March 31, 2018 refer to the three months ended March 31, 2019 and April 1, 2018, respectively.

	For the three months ended			
	September 30,	December 31,	March 31,	June 30,
	(in millions, except per share amounts)			
<u>Fiscal 2019</u>				
Revenues ^{(a) (b)}	\$ 2,524	\$ 2,627	\$ 2,457	\$ 2,466
Net income (loss) ^(c)	128	119	23	(42)
Net income (loss) attributable to News Corporation stockholders	101	95	10	(51)
Income (loss) available to News Corporation stockholders per share—basic and diluted	\$ 0.17	\$ 0.16	\$ 0.02	\$ (0.09)
<u>Fiscal 2018</u>				
Revenues ^{(a) (b)}	\$ 2,058	\$ 2,180	\$ 2,093	\$ 2,693
Net income (loss) ^(d)	87	(66)	(1,110)	(355)
Net income (loss) attributable to News Corporation stockholders	68	(83)	(1,128)	(371)
Income (loss) available to News Corporation stockholders per share—basic and diluted	\$ 0.12	\$ (0.14)	\$ (1.94)	\$ (0.64)

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NEWS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (a) Revenue for the fiscal year ended June 30, 2019 and for the three months ended June 30, 2018 includes the impact of the consolidation of Foxtel.
- (b) Revenue for the fiscal year ended June 30, 2019 reflects the adoption of the new revenue recognition standard. See Note 3—Revenues.
- (c) Net income (loss) for the fiscal year ended June 30, 2019 includes the impact of the following items:
- During the fourth quarter of fiscal 2019, the Company recognized non-cash impairment charges of \$87 million primarily related to the impairment of goodwill at a reporting unit within the News and Information Services segment. See Note 8—Goodwill and Other Intangible Assets.
- (d) Net income (loss) for the fiscal year ended June 30, 2018 includes the impact of the following items:
- During the third quarter of fiscal 2018, the Company recognized a \$957 million non-cash write-down of the carrying value of its investment in Foxtel. See Note 6—Investments.
 - During the third quarter of fiscal 2018, the Company recognized non-cash impairment charges of \$225 million primarily related to the impairment of goodwill and intangible assets at the News America Marketing reporting unit and impairment of goodwill at the FOX SPORTS Australia reporting unit. See Note 8—Goodwill and Other Intangible Assets.
 - During the fourth quarter of fiscal 2018, the loss on the Transaction primarily relates to the Company's, settlement of its pre-existing contractual arrangement between Foxtel and FOX SPORTS Australia which resulted in a \$317 million write-off of its channel distribution agreement intangible asset at the time of the Transaction. See Note 4—Acquisitions, Disposals and Other Transactions.

NOTE 24. SUBSEQUENT EVENTS

In August 2019, the Company declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. This dividend is payable on October 16, 2019 to stockholders of record as of September 11, 2019.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Annual Report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management's report and the report of the independent registered public accounting firm thereon are set forth on pages 77 and 78, respectively, and are incorporated herein by reference.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's fourth quarter of the fiscal year ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item with respect to the Company's Directors is contained in the Proxy Statement for the Company's 2019 Annual Meeting of Stockholders (the "Proxy Statement") to be filed with the SEC under the heading "Proposal No. 1: Election of Directors" and is incorporated by reference in this Annual Report.

The information required by this item with respect to the Company's executive officers is contained in the Proxy Statement under the heading "Executive Officers of News Corporation" and is incorporated by reference in this Annual Report.

The information required by this item with respect to the Company's Standards of Business Conduct is contained in the Proxy Statement under the heading "Corporate Governance Matters—Corporate Governance Policies" and is incorporated by reference in this Annual Report.

The information required by this item with respect to the procedures by which security holders may recommend nominees to the Board of Directors is contained in the Proxy Statement under the heading "Corporate Governance Matters—Stockholder Recommendation of Director Candidates" and is incorporated by reference in this Annual Report.

The information required by this item with respect to the Company's Audit Committee, including the Audit Committee's members and its financial expert, is contained in the Proxy Statement under the heading "Corporate Governance Matters—Board Committees" and is incorporated by reference in this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item with respect to executive compensation and director compensation is contained in the Proxy Statement under the headings "Compensation Discussion and Analysis," "Executive Compensation," "Pay Ratio" and "Director Compensation," respectively, and is incorporated by reference in this Annual Report.

The information required by this item with respect to compensation committee interlocks and insider participation is contained in the Proxy Statement under the heading "Compensation Committee Interlocks and Insider Participation" and is incorporated by reference in this Annual Report.

The compensation committee report required by this item is contained in the Proxy Statement under the heading "Report of the Compensation Committee" and is incorporated by reference in this Annual Report.

The information required by this item with respect to compensation policies and practices as they relate to the Company's risk management is contained in the Proxy Statement under the heading "Risks Related to Compensation Policies and Practices" and is incorporated by reference in this Annual Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item with respect to securities authorized for issuance under the Company's equity compensation plans is contained in the Proxy Statement under the heading "Equity Compensation Plan Information" and is incorporated by reference in this Annual Report.

The information required by this item with respect to the security ownership of certain beneficial owners and management is contained in the Proxy Statement under the heading "Security Ownership of News Corporation" and is incorporated by reference in this Annual Report.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item with respect to transactions with related persons is contained in the Proxy Statement under the heading “Corporate Governance Matters—Related Person Transactions Policy” and is incorporated by reference in this Annual Report.

The information required by this item with respect to director independence is contained in the Proxy Statement under the headings “Corporate Governance Matters—Director Independence” and “Corporate Governance Matters—Board Committees” and is incorporated by reference in this Annual Report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is contained in the Proxy Statement under the headings “Fees Paid to Independent Registered Public Accounting Firm” and “Audit Committee Pre-Approval Policies and Procedures” and is incorporated by reference in this Annual Report.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. The Company's Consolidated Financial Statements required to be filed as part of this Annual Report and the Reports of Independent Registered Public Accounting Firm are included in Part II, Item 8. Financial Statements and Supplementary Data.
2. All other financial statement schedules are omitted because the required information is not applicable, or because the information called for is included in the Company's Consolidated Financial Statements or the Notes to the Consolidated Financial Statements.
3. Exhibits—The exhibits listed under Part (b) below are filed or incorporated by reference as part of this Annual Report. A “±” identifies each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report, and such listing is incorporated herein by reference.

(b) Exhibits

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement, dated June 28, 2013, among News Corporation, New News Corporation and News Corp Holdings UK & Ireland. (Incorporated by reference to Exhibit 2.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on July 3, 2013.)
2.2	Partial Assignment and Assumption Agreement, dated as of March 18, 2019, among Twenty-First Century Fox, Inc., Fox Corporation, News Corporation and News Corp Holdings UK & Ireland, in respect of the Separation and Distribution Agreement, dated June 28, 2013 (Incorporated by reference to Exhibit 2.1 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on May 10, 2019.)
2.3	Tax Sharing and Indemnification Agreement, dated June 28, 2013, between News Corporation and New News Corporation. (Incorporated by reference to Exhibit 2.3 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on July 3, 2013.)
2.4	FOX SPORTS Trade Mark Licence. (Incorporated by reference to Exhibit 2.5 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on July 3, 2013.)
2.5	FOX Trade Mark Licence. (Incorporated by reference to Exhibit 2.6 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on July 3, 2013.)
3.1	Restated Certificate of Incorporation of News Corporation. (Incorporated by reference to Exhibit 3.1 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
3.2	Amended and Restated By-laws of News Corporation, effective February 25, 2019. (Incorporated by reference to Exhibit 3.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on February 25, 2019.)
4.1	Third Amended and Restated Rights Agreement, dated as of June 18, 2018, between News Corporation and Computershare Trust Company, N.A., as Rights Agent. (Incorporated by reference to Exhibit 4.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on June 18, 2018.)

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Exhibit Number	Exhibit Description
4.2	<u>Description of News Corporation's Securities.*</u>
10.1	<u>Amended and Restated Employment Agreement, dated May 9, 2019, between News Corporation and Robert Thomson. (Incorporated by reference to Exhibit 10.2 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on May 10, 2019.)±</u>
10.2	<u>Employment Agreement, dated February 23, 2017, between News Corporation and Susan Panuccio. (Incorporated by reference to Exhibit 10.3 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on May 10, 2017.)±</u>
10.3	<u>Amended and Restated Employment Agreement, dated November 9, 2017, between News Corporation and David Pitofsky. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on November 13, 2017.)±</u>
10.4	<u>News Corporation 2013 Long-Term Incentive Plan, as amended and restated effective August 6, 2014. (Incorporated by reference to Exhibit 10.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 11, 2014.)±</u>
10.5	<u>News Corp Restoration Plan, amended and restated as of February 11, 2019. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on May 10, 2019.)±</u>
10.6	<u>Letter Agreement, dated June 27, 2014, from News Corporation to K. Rupert Murdoch. (Incorporated by reference to Exhibit 10.12 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 14, 2014.)±</u>
10.7	<u>Form of Agreement for Cash-Settled Performance Stock Units under the News Corporation 2013 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.9 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 12, 2016.)±</u>
10.8	<u>Form of Agreement for Stock-Settled Performance Stock Units under the News Corporation 2013 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.10 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 12, 2016.)±</u>
10.9	<u>Credit Agreement, dated as of October 23, 2013, among News Corporation, as borrower, the lenders named therein, the initial issuing banks named therein, JPMorgan Chase Bank, N.A. and Citibank, N.A. as co-administrative agents, JPMorgan Chase Bank, N.A. as designated agent, Commonwealth Bank of Australia as syndication agent and J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Commonwealth Bank of Australia as joint lead arrangers and joint bookrunners. (Incorporated by reference to Exhibit 10.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on October 29, 2013.)</u>
10.10	<u>Amendment No. 1, dated as of October 23, 2015, to the Credit Agreement, dated as of October 23, 2013, among News Corporation, as borrower, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-administrative agents, JPMorgan Chase Bank, N.A., as designated agent, and the other parties thereto. (Incorporated by reference to Exhibit 10.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on October 26, 2015.)</u>

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Exhibit Number	Exhibit Description
10.11	<u>Amendment No. 2, dated as of July 13, 2016, to the Credit Agreement, dated as of October 23, 2013, among the Company, as borrower, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-administrative agents, JPMorgan Chase Bank, N.A., as designated agent, and the other parties thereto. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on November 8, 2016.)</u>
10.12	<u>Amendment No. 3, dated as of March 29, 2018, to the Credit Agreement, dated as of October 23, 2013, among the Company, as borrower, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-administrative agents, JPMorgan Chase Bank, N.A., as designated agent, and the other parties thereto. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report of News Corporation on Form 10-Q (File No. 001-35769) filed with the Securities and Exchange Commission on May 11, 2018.)</u>
10.13	<u>Syndicated Revolving Facility Agreement, dated as of June 17, 2014, among Foxtel Management Pty Limited and Foxtel Finance Pty Limited, as initial borrowers, the initial financiers named therein and Commonwealth Bank of Australia, as facility agent. (Incorporated by reference to Exhibit 10.19 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.14	<u>Amendment Letter, dated as of June 12, 2015, in respect of the Syndicated Revolving Facility Agreement, dated as of June 17, 2014, among Foxtel Management Pty Limited and Foxtel Finance Pty Limited, as initial borrowers, the initial financiers named therein and Commonwealth Bank of Australia, as facility agent. (Incorporated by reference to Exhibit 10.20 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.15	<u>Syndicated Revolving Facility Agreement, dated as of June 12, 2015, among Foxtel Management Pty Limited and Foxtel Finance Pty Limited, as initial borrowers, the initial financiers named therein and Commonwealth Bank of Australia, as facility agent. (Incorporated by reference to Exhibit 10.21 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.16	<u>Syndicated Revolving Facility Agreement, dated as of September 12, 2016, among Foxtel Management Pty Limited and Foxtel Finance Pty Limited, as initial borrowers, the initial financiers named therein and Commonwealth Bank of Australia, as facility agent. (Incorporated by reference to Exhibit 10.22 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.17	<u>Multi-Option Facility Agreement, dated as of June 30, 2017, among Foxtel Management Pty Limited, Foxtel Finance Pty Limited and the other original borrowers listed therein and Commonwealth of Bank of Australia, as the original lender. (Incorporated by reference to Exhibit 10.23 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.18	<u>Common Terms Deed Poll, dated as of April 10, 2012, made by Foxtel Management Pty Ltd and the other parties thereto acting as initial guarantors in favor of the finance parties defined therein. (Incorporated by reference to Exhibit 10.24 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.19	<u>Guarantee Deed Poll, dated as of April 3, 2018, made by each of the parties thereto acting as guarantors in favor of the finance parties defined therein. (Incorporated by reference to Exhibit 10.25 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>
10.20	<u>Note and Guarantee Agreement, dated as of September 24, 2009, among Foxtel Management Pty Limited, Sky Cable Pty Limited, Foxtel Media Pty Limited (formerly Telstra Media Pty Limited) and others. (Incorporated by reference to Exhibit 10.26 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)</u>

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Exhibit Number	Exhibit Description
10.21	Waiver, Consent and Amendment Number 1, to the Note and Guarantee Agreement, dated as of September 24, 2009 among Foxtel Management Pty Limited, Sky Cable Pty Limited, Foxtel Media Pty Limited (formerly Telstra Media Pty Limited) and others. (Incorporated by reference to Exhibit 10.27 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
10.22	Notice of Security Release and Amendment Number 2, to the Note and Guarantee Agreement, dated as of September 24, 2009 (as amended from time to time), among Foxtel Management Pty Limited, Sky Cable Pty Limited, Foxtel Media Pty Limited (formerly Telstra Media Pty Limited) and others. (Incorporated by reference to Exhibit 10.28 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
10.23	Deed of Guarantee dated September 24, 2009 executed by each entity listed in Annex 1 thereto. (Incorporated by reference to Exhibit 10.29 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
10.24	Note and Guarantee Agreement, dated as of July 25, 2012, among Foxtel Management Pty Limited, Sky Cable Pty Limited, Foxtel Media Pty Limited (formerly Telstra Media Pty Limited) and others. (Incorporated by reference to Exhibit 10.30 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
10.25	Deed of Guarantee dated July 25, 2012 executed by each entity listed in Annex 1 thereto. (Incorporated by reference to Exhibit 10.31 to the Annual Report of News Corporation on Form 10-K (File No. 001-35769) filed with the Securities and Exchange Commission on August 15, 2018.)
21.1	List of Subsidiaries.*
23.1	Consent of Ernst & Young LLP with respect to News Corporation.*
31.1	Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended June 30, 2019, 2018 and 2017; (ii) Consolidated Statements of Comprehensive Loss for the fiscal years ended June 30, 2019, 2018 and 2017; (iii) Consolidated Balance Sheets as of June 30, 2019 and 2018; (iv) Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2019, 2018 and 2017; (v) Consolidated Statements of Equity for the fiscal years ended June 30, 2019, 2018 and 2017; and (vi) Notes to the Consolidated Financial Statements.*

* Filed herewith

** Furnished herewith

± Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWS CORPORATION
(Registrant)

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer

Date: August 13, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert J. Thomson</u> Robert J. Thomson	Chief Executive Officer and Director (Principal Executive Officer)	August 13, 2019
<u>/s/ Susan Panuccio</u> Susan Panuccio	Chief Financial Officer (Principal Financial Officer)	August 13, 2019
<u>/s/ Kevin P. Halpin</u> Kevin P. Halpin	Principal Accounting Officer	August 13, 2019
<u>/s/ K. Rupert Murdoch</u> K. Rupert Murdoch	Executive Chairman	August 13, 2019
<u>/s/ Lachlan K. Murdoch</u> Lachlan K. Murdoch	Co-Chairman	August 13, 2019
<u>/s/ Kelly Ayotte</u> Kelly Ayotte	Director	August 13, 2019
<u>/s/ José María Aznar</u> José María Aznar	Director	August 13, 2019
<u>/s/ Natalie Bancroft</u> Natalie Bancroft	Director	August 13, 2019
<u>/s/ Peter L. Barnes</u> Peter L. Barnes	Director	August 13, 2019
<u>/s/ Joel I. Klein</u> Joel I. Klein	Director	August 13, 2019
<u>/s/ James R. Murdoch</u> James R. Murdoch	Director	August 13, 2019
<u>/s/ Ana Paula Pessoa</u> Ana Paula Pessoa	Director	August 13, 2019
<u>/s/ Masroor Siddiqui</u> Masroor Siddiqui	Director	August 13, 2019

EXHIBIT 7

[U.S. NEWS](#)

The Washington Post still plays catch-up, but is gaining on The Times



Reporter David Fahrenthold is honored in the Washington Post newsroom after winning the 2017 Pulitzer Prize for National Reporting on April 10, 2017. Melina Mara / The Washington Post via Getty Images

Dec. 28, 2017, 12:31 PM PST / Updated Dec. 28, 2017, 12:31 PM PST

By Claire Atkinson

In “The Post,” Steven Spielberg’s newest movie, the fiercely competitive editors of The Washington Post battle against government efforts to prevent follow-up stories to The New York Times’ publication of [the Pentagon Papers](#).

The movie is a huge publicity coup for The Post, but also a reminder that in many ways, the newspaper is still playing catch-up to The Times.

The Post had a good year, winning a Pulitzer Prize in April for David A. Fahrenthold's [reporting](#) on Donald Trump's opaque charitable giving. It has broken numerous stories on the Trump administration, the Russia investigation, and the sex harassment scandals. In November, the newspaper shifted the axis of the Alabama Senate race, revealing that the Republican candidate, [Roy Moore, initiated a sexual encounter with a 14 year old](#) when he was in his thirties. Moore lost in part because of the revelations.

Reporter David Fahrenthold is honored in the Washington Post newsroom after winning the 2017 Pulitzer Prize for National Reporting on April 10, 2017.

Melina Mara / The Washington Post via Getty Images

Under its free-spending owner, Jeff Bezos, the CEO of Amazon, The Post has hired more than 100 new reporters and editors, and rebuilt its presence outside of Washington. It has become a much bigger part of the digital conversation on public affairs.

[Nikki Usher](#), an associate professor at George Washington University, predicted that 2018 will be the year of The Washington Post.

"You do see people who are opposed to the Trump administration making The Post now their first read," she said. "Maybe The Post is optimizing for anger a little bit better."

But in the transition to a digital subscription business – vital given the [sharp falloff](#) in newspaper print circulation, and a big head start by The Times – The Post still has work to do. Fred Ryan, the publisher of The Washington Post, said in September that the newspaper had crossed one [million](#) paid digital-only subscribers this year, doubling the number since Jan. 1. That put The Post among the top three newspapers in the country, just behind the Wall Street Journal's [1.27 million](#) digital subscriptions through June.

But that's still far behind The Times, which has [2.5 million](#) digital-only subscribers, and a further one million print subscribers.

Jeff Bezos arrives for the premiere of "The Post" earlier in December.

Mandel Ngan / AFP - Getty Images

Bezos pays intimate attention to the newspaper he bought from the Graham family for \$250 million in 2013. In June, attending the ["Future of Newspapers"](#) conference in Turin, Italy, he told attendees: "This is not a philanthropic endeavor. For me, I really believe, a healthy newspaper that has an independent newsroom should be self-sustaining. And I think it's achievable, And we've achieved it."

While the notoriously numbers-shy Bezos hasn't shared how profitable his company is, there have been a few hints. In May, The Post's chief revenue officer, [Jed Hartman](#) told [The Times](#) that digital ad revenue was in the "solid nine figures," or over \$100 million, and that 2017 would be the company's

third year of double-digit revenue growth. The newspaper doesn't share overall revenue but has said it was profitable in 2016.

But The Times, which is publicly traded, booked some [\\$154 million in digital advertising](#) through the first nine months of the year, a 17.5 percent increase over the same period a year ago, while print ad revenue fell 16 percent to \$221.8 million.

While The Times is miles ahead in the fight to sign digital subscribers, The Post is battling back with an old-fashioned price war. The Post offers Amazon Prime subscribers [free access for six months](#) and then charges \$3.99 per month; everyone else can pay \$8.30 per month for a long-term commitment.

The New York Times sells itself as a premium product, charging between \$8 and \$15 a month, depending on discounts, and isn't perturbed by the discounting. Clay Fisher, the paper's newly appointed head of consumer revenue, said that 2017 has been a record-breaking year for new subscribers.

"We feel like we have the highest quality product," said Fisher. "The Post is more of a value offering. They've really been aggressive on price, but they're also trying to build their base."

Both papers are also competing for an international audience that wants to know what's happening in American politics. The Times says that 14 percent of its digital subscription base, or about 350,000 subscribers, is international. The Washington Post launched a newsletter, entitled "Today's WorldView," that has helped add overseas subscribers too.

The New York Times headquarters in New York. Carlo Allegri / Reuters file

Come January, The New York Times will have [a new publisher](#), Arthur Gregg Sulzberger, working in tandem with the Times Company's chief executive, [Mark Thompson](#). Sulzberger, 37, [who takes over from his father](#), Arthur Ochs Sulzberger Jr., is familiar with the challenges of turning a Titanic-sized newspaper into a nimble digital media operation.

In 2014, he helped write a [report](#) that criticized the paper's digital progress, noting that online news aggregators like the Huffington Post and Flipboard often got more traffic from the paper's journalism than the paper itself.

"Not only is the audience on our website shrinking but our audience on our smartphone apps has dipped, an extremely worrying sign on a growing platform," the report said. "The urgency is only growing because digital media is getting more crowded, better funded and far more innovative."

Much has changed since then. Thanks to a strict pay-wall and some stellar journalism, the paper's digital future is not quite as endangered. The Times also had a momentous year, winning three Pulitzers in April, breaking the first of the big sex harassment stories, on producer [Harvey Weinstein](#), as well as pioneering coverage of former FBI chief James Comey's [memos](#) on Trump and Michael Flynn.

Again The Times remains ahead of its rival when it comes to its digital audience, but The Post has been closing the gap. In October 2013, the Washington Post Company tallied just 25.8 million visitors to its desktop properties with The New York Times drawing 34 million, [according to ComScore](#). Two years later, Digiday reported that The [Post beat The Times](#) for the first time, drawing 66.9 million readers compared to The Times' 65.8 million.

By October 2017, The New York Times moved ahead with a total digital audience of 93.5 million per month, compared to The Post's [88.9 million unique visitors](#). In page views, The Times is also still ahead with 1.2 billion digital page views, compared to 821 million for The Post, according to the Washington Post PR blog.

Publisher Arthur O. Sulzberger Jr. holds up four fingers to indicate the four Pulitzer Prizes won by The New York Times in its newsroom in New York on April 15, 2013.

Ruth Fremson / The New York Times via Reuters file

Craig Huber, a media analyst at Huber Research, based in Connecticut, said the Times' growth in building digital subscribers is "the main part of the investment story as they build up their base of digital payers." It would be hard to argue the Times hasn't excelled at this.

The company now [sees its competition as Netflix or Spotify](#) in the quest to persuade readers that they should pay for news and information, as they do for entertainment. The newspaper's goal is to hit \$800 million in digital revenue by 2020. [Recode](#) recently reported that digital revenue could hit \$579 million in 2017, suggesting that goal could be achieved.

Huber notes that the upcoming challenge for both newspapers is a lack of growth in digital advertising.

"Digital advertising at The New York Times, like virtually every other company outside of Google and Facebook, has hit a wall in the second half of 2017," he said. "It is going to be flat-ish year over year in the fourth quarter, after growing 11 percent in the third quarter and 22 percent in the second quarter."

As recently as 2004, advertisers were spending close to \$50 billion on print. In 2016 it was \$18 billion, according to an [analysis by the Pew Research Center](#).

Not all competition is measured in dollars and cents, however.

"For many people, The New York Times was the paper of record," said [Robert Thompson](#), director and professor at the Bleier Center for Television and Popular Culture at Syracuse University. "But The Washington Post happened to be at the center of the greatest story ever told in the history of newspapers."

He was referring to Watergate and prominence gained by Bob Woodward and Carl Bernstein after their book, "All the President's Men," and the subsequent movie.

Tom Hanks, Rita Wilson, Washington Post Executive Editor Martin Baron, Kate Capshaw and director Steven Spielberg attend the premiere of "The Post" in Washington earlier in December.

Brent N. Clarke / Invision via AP

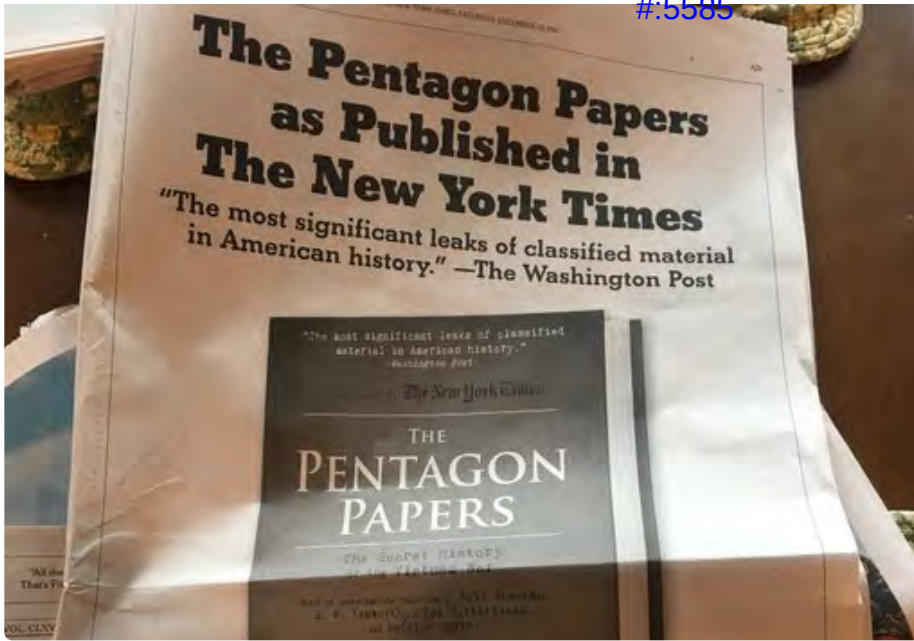
The Times had a previous Nixon-era scoop with the publication of the Pentagon Papers, and many at the paper are rankled that the movie on the subject is about Katharine Graham and the Post, and not their institution.

The Times issued a not-terribly-subtle reminder of its scoop by reprinting the Pentagon Papers in book form, and then releasing a press statement and [a full-page ad](#) noting that the papers were first released by The Times. The ad (and the book cover) cheekily quotes The Washington Post as calling the scoop "the most significant leaks of classified material in American history."



Nick Corasaniti
@NYTnickc

Full page ad in NYT. Note the pull quote!



1,617 6:36 AM - Dec 24, 2017

[423 people are talking about this](#)

Bezos, who could end up at the Academy Awards if Spielberg’s “The Post” wins a nomination, is clearly wary of too much self congratulation. Speaking at the celebrity-filled ribbon cutting ceremony after his acquisition of the Washington Post in 2013, he [said](#): “I’m a huge fan of leaning in to the future...Too much glamorizing of the past would certainly lead to paralysis.”

Claire Atkinson

Claire Atkinson is the senior media editor for NBC News.



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EXHIBIT 8

The Guardian



This article is more than 1 year old

Guardian Media Group digital revenues outstrip print for first time

Group that owns Guardian and Observer earned digital revenues of £108.6m last year and £107.5m from print and events

Jim Waterson *Media editor*

Tue 24 Jul 2018 10.00 EDT

The Guardian's parent company now earns more money from its digital operations than from its print newspapers for the first time in its history, aided by increased support from readers making online contributions.

Guardian Media Group (GMG), which also owns the Observer, said it had a total of 570,000 members who give regular financial support to the organisation, up from 500,000 at the end of last year. Income was further boosted by 375,000 one-off contributions from readers in the past 12 months.

The company said Guardian News & Media Limited, the core business that is publisher of the Guardian, was still on track to break even on an operating basis by the end of the next financial

year, having undertaken a radical turnaround plan. GNM's operating losses fell by two-thirds in the last two years, from £57m to £19m.

The company's annual report, which covers the 12 months to April 2018, shows the Guardian website attracted an average of 155m monthly unique browsers, up from 140m the year before, with an increased focus on retaining regular readers rather than chasing traffic by going viral on social networks.

Digital revenues - which include reader contributions and online advertising income - grew 15% to £108.6m, as income from the print newspaper and events business fell by 10% to £107.5m.

The company has undergone several rounds of voluntary redundancies, helping to cut staff costs by £10m a year during the period covered by the annual report.

"The only reason ever to justify any reduction in headcount is to get to some kind of sustainability," said the GMG chief executive, David Pemsel. "When you were losing the sort of money we were losing historically, combined with the challenges in the advertising market, and structural decline in readership, that legitimises trying to make sure the headcount is at the right level."

The company has also made savings by switching its print newspapers from a Berliner format to a tabloid and outsourcing its printing facilities.

Pemsel said the Guardian's print circulation, which stands at 138,082 a day, was "less bad than forecast" and insisted the company's newspapers remained "a critical part of what we do", even though print advertising now constitutes less than 10% of the group's annual revenue.

"Because of the structure of our business and our long-term financial forecasting it allows us to retain print for as long as our readers value it," he said. "We made the big decision to switch from the Berliner to the tabloid to save that money. People value it and you keep going until they don't value it."

Pemsel said he had been advised to put up a paywall when he started developing the company's turnaround plan with the editor-in-chief, Katharine Viner, but said the Guardian's contributions model had created a "third way to pay for quality journalism". This has been aided by the Guardian's Australia and US websites, which are considered critical to the company's mission and have seen substantial increases in reader revenue over the last year.

Pemsel also said the company focus was on the Guardian's 10 million regular online readers rather than chasing online traffic by partnering with the likes of Facebook Instant Articles or aggregation services such as Apple News.

"We went from being the ninth largest newspaper [in the UK] to being the third largest in the world," he said. "We ended up trying to get bigger at any cost and celebrated just getting bigger and bigger. The danger of just chasing reach is you lose sense of the fact that these are just individuals."

"Our future is dependent editorially, commercially and financially on those 10 million people."

America faces an epic choice...

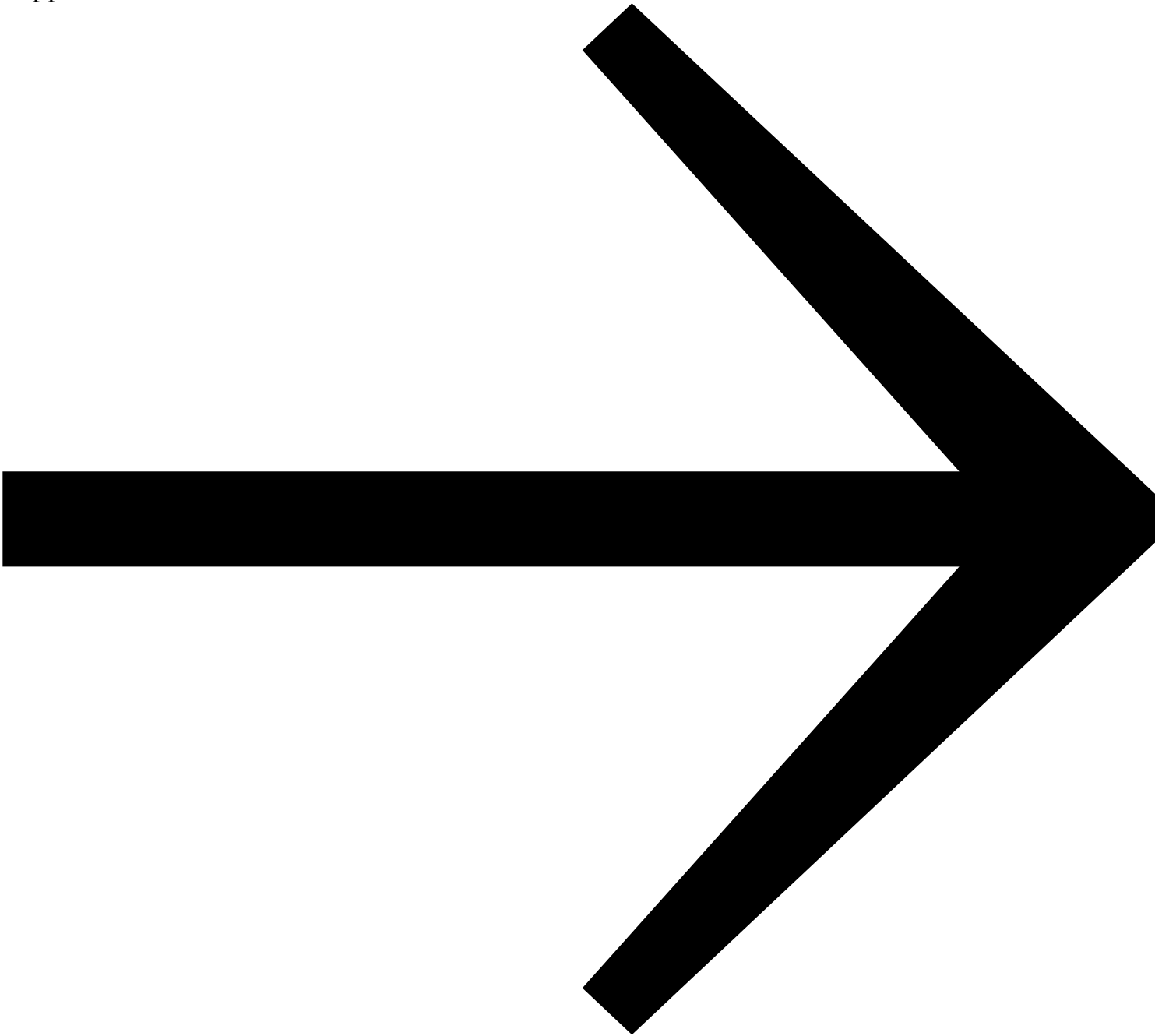
... in the coming year, and the results will define the country for a generation. These are perilous times. Over the last three years, much of what the Guardian holds dear has been threatened - democracy, civility, truth. This US administration is establishing new norms of behaviour. Anger and cruelty disfigure public discourse and lying is commonplace. Truth is being chased away. But with your help we can continue to put it center stage. It will be defining year and we're asking for your help as we prepare for 2020.

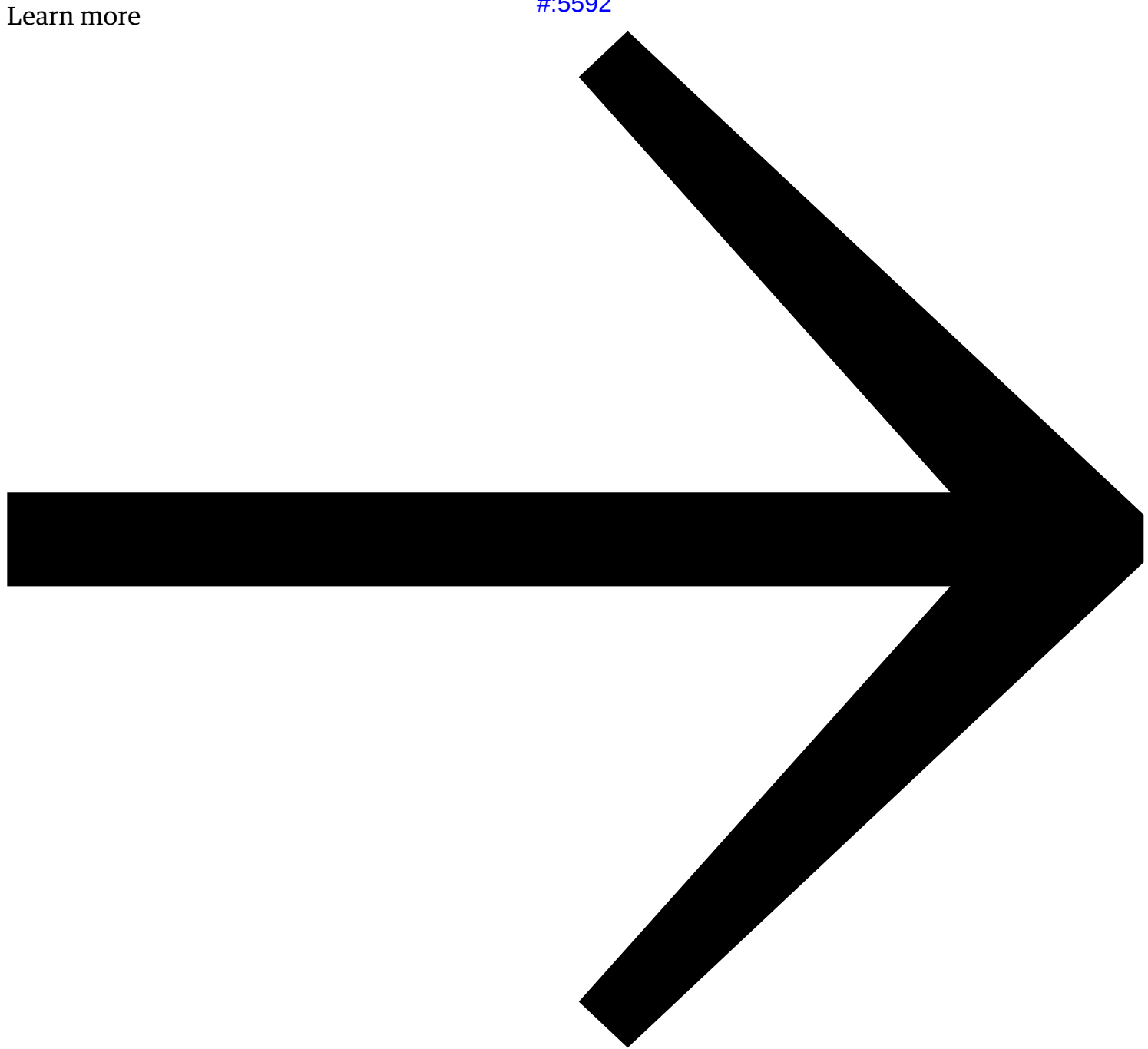
Rampant disinformation, partisan news sources and social media's tsunami of fake news is no basis on which to inform the American public in 2020. The need for a robust, independent press has never been greater, and with your help we can continue to provide fact-based reporting that offers public scrutiny and oversight. You have read 8 articles in the last two months, so we hope you can appreciate the Guardian's choice to keep our journalism open for all.

"America is at a tipping point, finely balanced between truth and lies, hope and hate, civility and nastiness. Many vital aspects of American public life are in play - the Supreme Court, abortion rights, climate policy, wealth inequality, Big Tech and much more. The stakes could hardly be higher. As that choice nears, the Guardian, as it has done for 200 years, and with your continued support, will continue to argue for the values we hold dear - facts, science, diversity, equality and fairness." - US editor, John Mulholland

On the occasion of its 100th birthday in 1921 the editor of the Guardian said, "Perhaps the chief virtue of a newspaper is its independence. It should have a soul of its own." That is more true than ever. Freed from the influence of an owner or shareholders the Guardian's robust independence is our unique driving force and guiding principle.

We also want to say a huge thank you to everyone who has supported the Guardian in 2019. You provide us with the motivation and financial support to keep doing what we do. We hope to surpass our goal by early January. Every contribution, big or small, will help us reach it. **Make a year-end gift from as little as \$1. Thank you.**





Topics

- Guardian Media Group
- Newspapers & magazines
- Katharine Viner
- The Guardian
- The Observer
- Newspapers
- National newspapers
- news

EXHIBIT 9

The Guardian

Guardian reaches milestone of 500,000 regular paying supporters

GNM press office

Thu 26 Oct 2017 05.00 EDT

- The Guardian now has 500,000 regular paying supporters, made up of members and subscribers across print and digital.
- In addition, more than 300,000 individual one-off contributions have been received in the last year.
- Overall, 800,000 readers have supported the Guardian financially in the past 12 months.

The Guardian today announces it now has 500,000 regular paying supporters - made up of members and subscribers in more than 100 countries who make regular financial contributions to the publication.

The Guardian has more than doubled its regular paying supporter base in the past 12 months. Approximately 80% of these supporters take digital subscriptions or memberships, with the remaining 20% subscribing to Guardian News and Media's (GNM) print publications.

In mid-2016 the Guardian began offering readers the option to make one-off contributions to support its journalism. In the last 12 months it has received more than 300,000 individual contributions from readers in over 140 countries, resulting in revenue of several million pounds.

The Guardian first launched membership in the UK in 2014, launching the offering in the US in 2015 and Australia in 2016.

As part of a three 3-year strategy launched in 2016, the Guardian is focused on growing reader revenues - building on the strong relationship with readers rooted in the Guardian's journalism, ethos, unique ownership structure and global outlook. A key goal of the strategy is for Guardian News & Media to break even at operating level by 2018-19, helping to safeguard Guardian journalism in perpetuity.

Katharine Viner, editor-in-chief, Guardian News & Media, said:

"Now more than ever, the world needs progressive journalism that is committed to facts. The most important relationship the Guardian has is with its readers, so we are encouraged and cheered by the hundreds of thousands of people supporting Guardian journalism."

"We must continue to earn our readers' trust and support - which will be the bedrock of our future success and sustainability."

David Pemsel, CEO, Guardian Media Group, said:

"Building deeper relationships with our readers has been a critical part of our three-year strategy and we are pleased with how this is progressing so far.

"We cannot be complacent, and we have much more to do. Over the next two years we will continue to establish firm foundations which will secure the Guardian's financial and editorial independence in perpetuity."

The Guardian has no proprietor and just one shareholder, The Scott Trust, meaning that any financial gains are reinvested into its journalism. This unique ownership structure - and the financial support of loyal readers and contributors - means that the Guardian is free to publish the quality, agenda-setting, independent journalism it is renowned for.

-Ends-

For more information please contact:

media.enquiries@theguardian.com or 020 3353 3696

Notes to editors

About Guardian News & Media

Guardian News & Media (GNM) publishes theguardian.com, one of the world's leading English-language newspaper websites. Traffic from outside of the UK now represents around two-thirds of the Guardian's total digital audience. In the UK, GNM publishes the Guardian newspaper six days a week, first published in 1821, and the world's oldest Sunday newspaper, The Observer.

The Guardian is renowned for its agenda-setting journalism including, most recently, the Panama Papers investigation as well as the Pulitzer Prize and Emmy-winning NSA revelations.

America faces an epic choice...

... in the coming year, and the results will define the country for a generation. These are perilous times. Over the last three years, much of what the Guardian holds dear has been threatened - democracy, civility, truth. This US administration is establishing new norms of behaviour. Anger and cruelty disfigure public discourse and lying is commonplace. Truth is being chased away. But with your help we can continue to put it center stage. It will be defining year and we're asking for your help as we prepare for 2020.

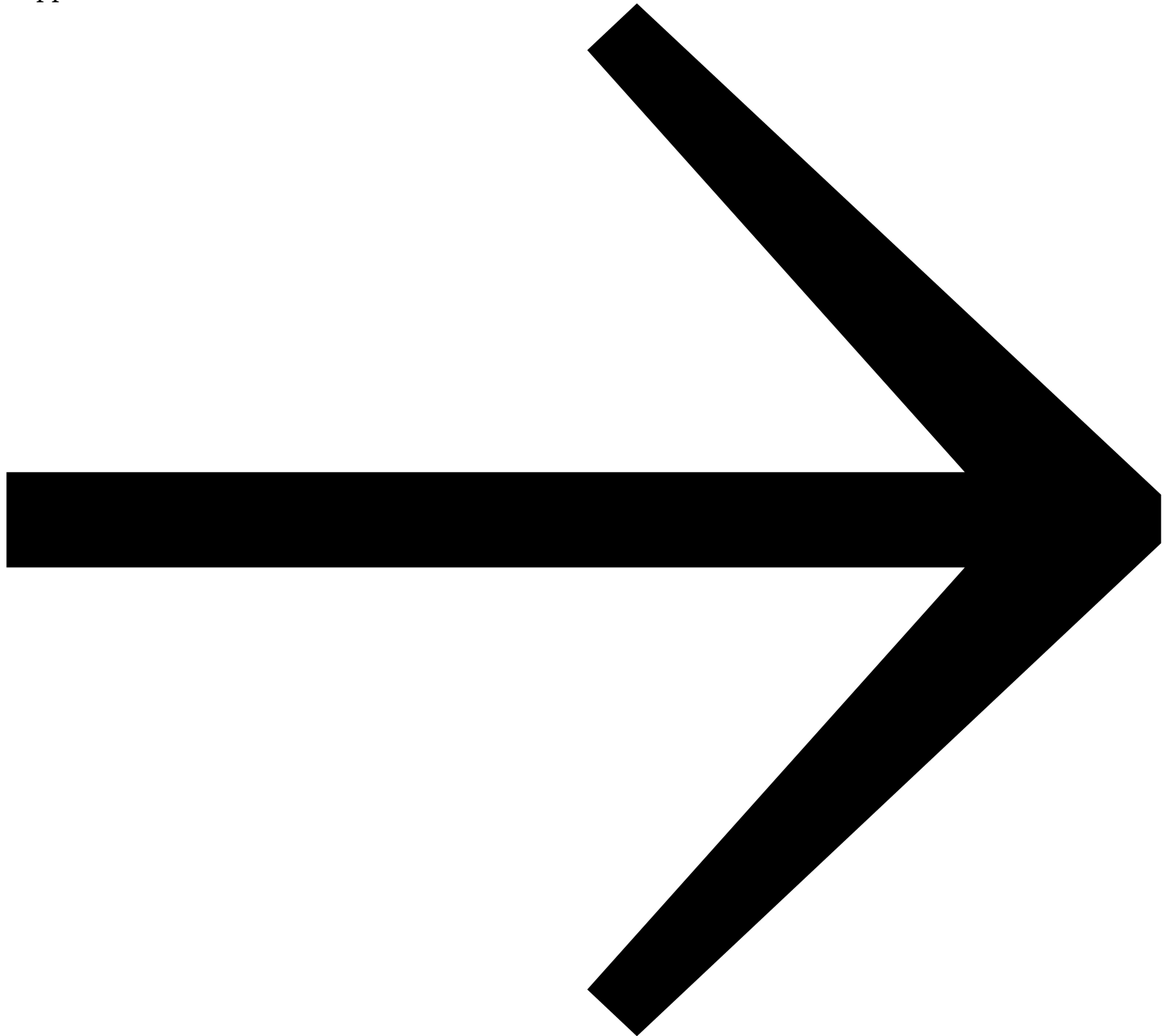
Rampant disinformation, partisan news sources and social media's tsunami of fake news is no basis on which to inform the American public in 2020. The need for a robust, independent press has never been greater, and with your help we can continue to provide fact-based reporting that offers public scrutiny and oversight. You have read 9 articles in the last two months, so we hope you can appreciate the Guardian's choice to keep our journalism open for all.

"America is at a tipping point, finely balanced between truth and lies, hope and hate, civility and nastiness. Many vital aspects of American public life are in play - the Supreme Court, abortion rights, climate policy, wealth inequality, Big Tech and much more. The stakes could hardly be higher. As that choice nears, the Guardian, as it has done for 200 years, and with your continued support, will continue to argue for the values we hold dear - facts, science, diversity, equality and fairness." -
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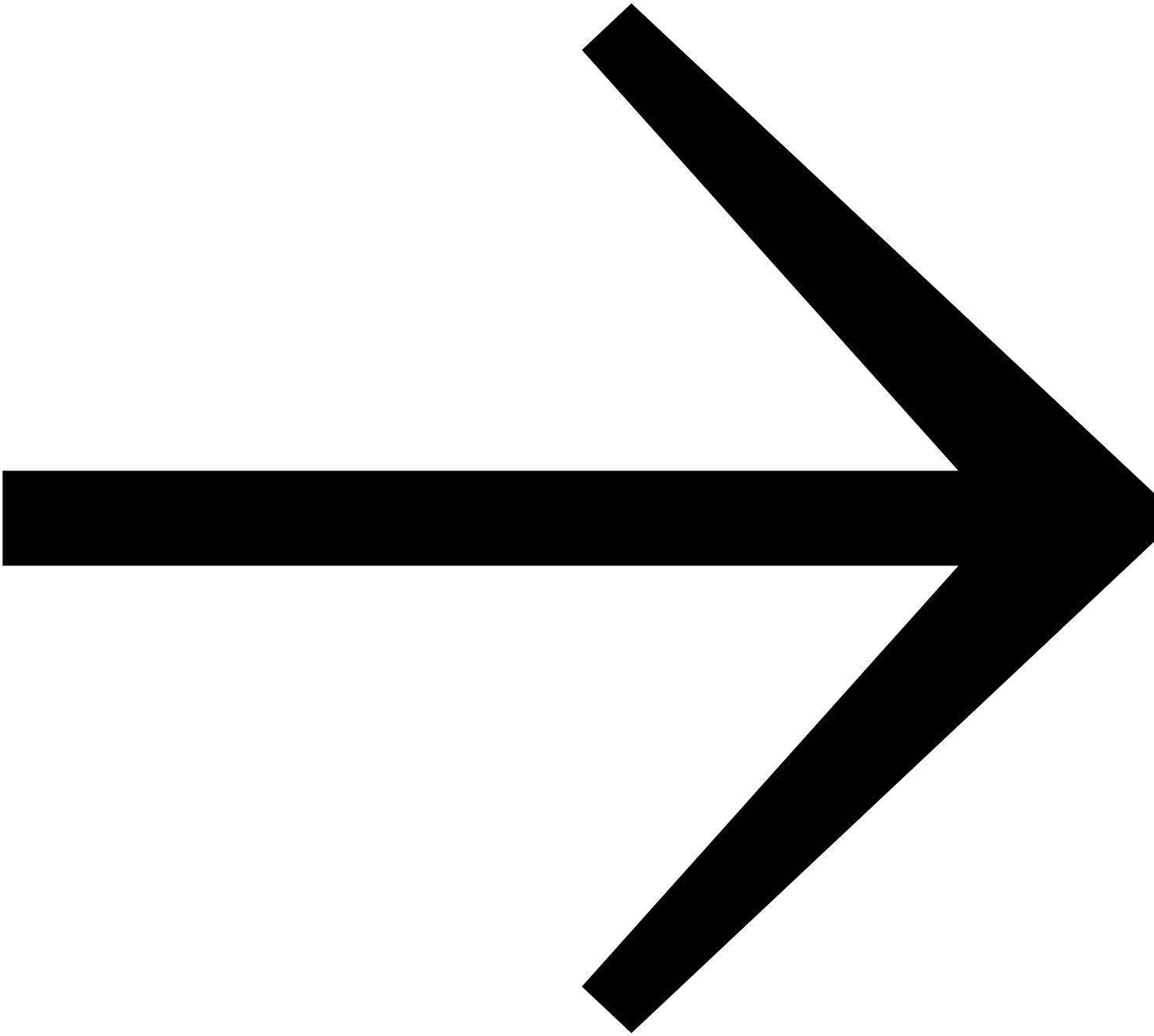
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Support The Guardian



Learn more



Topics

- Press releases
- press releases 2017

EXHIBIT 10



GET THE NEWS



but digital subscriptions spike

Nathan Bomey USA TODAY

Published 8:28 a.m. ET Feb. 20, 2019 | Updated 2:35 p.m. ET Feb. 22, 2019

Corrections and Clarifications: A previous version of this story misstated a subscription strategy.

Gannett is confident that "thoughtful" investments in journalism and marketing solutions will enable the company to remain a trusted source of news and information and deliver shareholder value, Gannett CEO and President Robert J. Dickey said Wednesday during a conference call to discuss fourth-quarter results.

Dickey also said Gannett, the owner of USA TODAY and 109 local media properties in the United States, will continue strategic cost-cutting as print revenue declines but will invest in journalism to lure digital subscribers.

"While our industry is undoubtedly facing challenges, we, at Gannett, are committed to remaining a trusted source of news and information across our communities," Dickey said on the call with analysts and investors. "And we are confident that continued thoughtful investments in journalism and marketing solutions will enable us to do so, while also creating value for our shareholders."

Media analysts view paid online subscriptions as increasingly important to the news industry amid stiff competition against Google, Facebook and Amazon for digital ad dollars. The decline of traditional print revenue, including ads and newspaper subscriptions, has undermined media industry finances as consumers look online for news and information.

Gannett's digital-only subscriptions rose 46.3 percent year-over-year to to 504,000. To continue that growth, Dickey said USA TODAY Network publications will reduce the number of free stories readers can access without subscribing in 2019. He said Gannett's experience indicates that move will help convince readers to pay for more. Also of note: At flagship media property USA TODAY, 75 percent of ad revenue is now digital, marking a key milestone for the brand, Dickey said.

Print revenue declines, an industry-wide challenge, continued to leave a mark on Gannett, which took several steps recently to reduce expenses, including an early-retirement offer for



restructuring of some newsrooms into a more nonisucally managed state coverage and additional printing and distribution efforts."

The company's recent cost cuts will save it about \$60 million in 2019, Chief Financial Officer Alison Engel said.

"While these cost efforts are difficult, they are critical to the long-term success of the company," Dickey said.

Earlier Wednesday, Gannett reported a drop in fourth-quarter revenue and earnings despite increases in digital revenue and paid online subscriptions.

The media company reported adjusted earnings per share of 44 cents, compared with Wall Street expectations of 45 cents per share, according to S&P Global Market Intelligence. Gannett's stock fell 5.6 percent to \$10.63 Wednesday.

Gannett executives said their efforts to boost online revenue are paying off, including growth in digital subscriptions through the USA TODAY Network of publications and digital marketing assets such as ReachLocal and SweetIQ

Digital revenue totaled \$272.3 million, representing about 36 percent of the company's sales. Of Gannett's advertising and marketing services revenue, about 48 percent was digital.

Gannett's operating revenue totaled \$751.4 million in the fourth quarter of 2018. That was down 12 percent, compared with a year earlier, or 7.4 percent when adjusting for continued operations and the fact that the 2017 fourth-quarter had more days. Analysts polled by S&P Global had projected revenue of \$786.5 million for the period. Print ad revenue fell 19.6 percent on a comparable basis.

The company posted a net loss of \$14.2 million in the fourth quarter, due largely to restructuring, asset impairment charges and other costs of \$56.3 million. A year earlier, the company's net loss was \$13.6 million. Analysts polled by S&P Global had predicted a profit of \$61 million.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) totaled \$111 million for the period, down 16.4 percent. ReachLocal's "strong earnings growth" helped offset declining publishing revenues, Gannett said.



The fourth-quarter earnings report comes as Gannett faces an unsolicited bid by hedge fund-owned MNG Enterprises, also known as Digital First Media, to acquire the company or take control of its board of directors.

Gannett has rejected Alden Global Capital-owned MNG's \$12-per-share offer, saying it's not "credible." Gannett's board said after a meeting with MNG representatives, that MNG's \$1.8 billion acquisition effort would be funded exclusively with debt and that MNG had not lined up financing, which Gannett said underscored its reasons for rejecting the offer.

MNG, known for aggressive cost-cutting and asset sales at its roster of newspapers, on Wednesday criticized Gannett leaders for not delivering enough value for shareholders. MNG released a statement Wednesday saying "MNG believes the owners of Gannett deserve better and calls on its fellow shareholders to demand answers to the following questions on today's earnings call."

Gannett valued too low: Digital First \$1.4B Gannett value too low, analysts say

MNG, a minority shareholder in Gannett, recently nominated a slate of six directors to Gannett's board. Gannett cast doubts on whether the nominees qualify for seats, citing conflicts of interest because of their close ties to the Alden board, and under applicable antitrust laws, because MNG is a competitor to Gannett.

MNG said Wednesday that Gannett should be forced to answer why its digital acquisitions aren't "a substantial waste of shareholder capital," why CEO compensation has increased and why the company believes MNG can't finance the proposed deal, among other questions.

Gannett said in a statement that MNG's latest remarks are "just another attempt by MNG to distract attention from the fact that its unsolicited proposal to acquire Gannett is not credible." It did not address the MNG offer or issues related to it during the Wednesday conference call.

Independent media analysts have said MNG's offer for Gannett is too low and that the company's cost-cutting objectives are not realistic.

Dickey recently announced his plans to retire on May 7. On Wednesday, Dickey said Gannett's search for a new CEO "is very active" and includes internal and external candidates.



GET THE NEWS

EXHIBIT 11

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VERNON UNSWORTH,

Plaintiff,

vs.

Case No. 2:18-cv-8048-svw

ELON MUSK,

Defendant.

VIDEO DEPOSITION OF BERNARD J. "JIM" JANSEN, PhD

November 4, 2019

9:57 a.m.

L. Lin Wood, P.C.

1180 West Peachtree Street

Suite 2040

Atlanta, Georgia

Valerie N. Almand, RPR, CRR, CRC

Chelsea Diallo, Legal Video Specialist

Job No. 47149

1 in at least 605 stories or articles. Do you see
2 that?

3 **A. Yes, sir.**

4 Q. And those articles that are listed, those
5 are the articles that are listed in Appendix D to
6 your report?

7 **A. Appendix D lists the links to those**
8 **articles, yes.**

9 Q. So if during the course of this
10 deposition -- let me start again.

11 If in the course of this deposition I say
12 your, quote, list of articles or, quote, articles
13 on your list or the list, will you understand that
14 I'm referring to the 605 articles on that list in
15 Appendix D to your report?

16 **A. Yes, sir.**

17 Q. Okay. Now, looking down on the same page
18 in paragraph 22 you say, These numbers are
19 conservative. Do you see that?

20 **A. Yes.**

21 Q. Okay. And then you list some things in
22 subparagraphs a. through m. of paragraph 22 that
23 one could have done which might have resulted in a
24 number of websites and articles and unique
25 visitors to be higher; is that correct? I should

1 say higher than the number you calculated in
2 paragraph 20.c., 98 million.

3 A. The -- sort of, yeah. In paragraph 22
4 and in the subcomponents, those are statements
5 that -- why the number is conservative, and if I
6 had investigated those they may have increased the
7 number of articles presented in paragraph 20.

8 Q. Okay. So just to be clear on your
9 answer, what you're saying is the -- when you said
10 the subcomponents of paragraph 22 you meant
11 subparts a. through m., correct?

12 A. A. through m., yes, sir.

13 Q. Is it correct, though, that you did not
14 perform those tasks?

15 A. The -- no, it is not correct.

16 Q. You did perform those tasks.

17 A. Well, I performed some of those tasks,
18 but I did not include the numbers I got in my
19 numbers presented in paragraph 20.

20 Q. So is it correct that you are not
21 expressing any opinion in this case as to what
22 your numbers would be in terms of articles or
23 stories, website count or potential daily unique
24 visitors had you done any or all of the tasks you
25 identified in paragraph 22.a. through m.?

1 A. If I understood your question correctly,
2 no, because in my report I do present some numbers
3 from some of these subtasks. But, as I state,
4 they're not included in my count of 350 sites, 605
5 articles and 98 million potential daily viewers.

6 Q. Well, I just want to make sure I
7 understand what -- let me back up for a second.

8 A. Sure.

9 Q. You understand this is my only
10 opportunity to ask you questions about your work
11 before trial.

12 A. Sure. Yes.

13 Q. Okay. And what I want to do is make sure
14 I understand the entirety of the testimony that
15 you plan to give at trial.

16 A. Uh-huh. (Nods head affirmatively.) Yes.

17 Q. And if there is some number or are some
18 numbers different than the 354 media or other
19 sites, different than the 605 stories or articles,
20 different than the 98 million potential daily
21 unique visitors, I'd like to know that now so I
22 understand what you're planning to say at trial.
23 Do you understand why I'm asking that?

24 A. Yes.

25 Q. Okay. So is there some number you can

1 tell me today that is different in any way from
2 the numbers in paragraph 20 of your report based
3 on any additional work or tasks that you
4 identified in paragraphs 22.a through m of your
5 report?

6 A. Well, yeah, that's a little different
7 than your previous question, because the numbers I
8 present in paragraph 20 and also in the other --
9 in the summary of my report, that those are the
10 number of websites, the number of articles and the
11 number of potential unique viewers. But there is
12 a whole section of my report where I go through
13 each of these sub-bullets in paragraph 22 and kind
14 of explain why they're conservative and also why I
15 did not include them. But there are some numbers
16 in there, is what I'm trying to say.

17 Q. Okay. So if you include on-line media or
18 other sites or any other place where information
19 containing the defaming statements can be located,
20 what's the total number you're aware of as you sit
21 here today of such media or sites, if it's at all
22 different from the 354 number in paragraph 20.a.
23 of your report?

24 A. As I explain farther in the report, the
25 number of sites, 354, 605 articles, 98 million

1 viewers, those are the numbers that are the
2 summary of my opinions. But there are some other
3 numbers presented in the report, and I explain why
4 I'm not including those. So my report already
5 explains that I'm not including these numbers.

6 Q. All right. So at trial your opinions
7 will be -- on the issue of the dissemination of
8 the information of the defaming statements is
9 going to be the numbers in paragraph 20 of your
10 report and no other set of numbers.

11 MR. GRUNBERG: Objection, form.

12 A. Those are the -- again, the 354 sites,
13 605 articles, 98 million potential unique viewers,
14 those are the summary of my opinions. But as I
15 presented in my report, there are some other
16 numbers of social media traffic, for example. But
17 those do not -- will not alter what I'm saying
18 here, because I explain in my report that I'm not
19 including them.

20 BY MR. SCHWARTZ:

21 Q. Okay. So I just want to make sure at
22 trial I don't hear you say, for example, the 605
23 stories number is actually low, it's actually some
24 number greater than 605, because if you take into
25 account additional articles that might be found or

1 that I did find doing the things I described in
2 paragraph 22.a. through m., the number is higher.
3 You're telling me you're not planning on doing
4 that at trial. You're sticking to 605.

5 **A. I'm presenting the 605 articles as a**
6 **summary of my opinion, but there are some numbers**
7 **there that I explain why it's conservative.**

8 Q. Well, how many additional articles as you
9 sit here today do you believe exists on the
10 internet that contain the defaming statements if
11 it's not 605, using any means whatsoever to your
12 disposal?

13 **A. I'm not saying it's not 605. I'm just**
14 **saying that I explain why it's a conservative**
15 **number in my report.**

16 Q. Okay. But as you sit here today are you
17 aware of any stories or articles in excess of 605
18 that exist that you're going to testify to at
19 trial?

20 **A. I have not done any additional analysis**
21 **beyond the 605 articles and the other data**
22 **presented my report.**

23 Q. So is the answer to my question no?

24 **A. Could you repeat the question?**

25 Q. Sure. As you sit here today are you

1 aware of any stories or articles in excess of 605
2 that exist that you are going to testify to at
3 trial?

4 **A. As I sit here today, no, I'm not aware of**
5 **any.**

6 Q. Okay. Same question as to the 98 million
7 potential daily visitors which you had clarified
8 more precisely as 98,362,092. Are you going to --
9 based on anything in paragraphs 22.a. through m.
10 planning to say actually the number is some number
11 in excess of that at trial?

12 **A. As I sit here today, no.**

13 Q. After this deposition is over you're not
14 going to go out and do any new work, are you, such
15 that any of these -- such as any of the steps
16 you've described in paragraph 22 of your
17 deposition -- of your report?

18 **A. As I sit here today I am not planning on**
19 **it.**

20 Q. All right. Okay.

21 Let's go to paragraph 2 -- wait, is it
22 paragraph 2? Oh, paragraph 12, sorry. It's page
23 4, paragraph 12. And what you wrote, excuse me,
24 was, quote -- well, you know what? Paragraph 11
25 on the prior page, you wrote , In providing my

1 expert opinion I have been asked to respond to the
2 following question, and then in paragraph 12 you
3 list out that question; is that correct?

4 **A. That is correct.**

5 Q. Okay. Does paragraph 12 describe the
6 entirety of your assignment in this case?

7 **A. Paragraph 12 outlines what I was asked to**
8 **do for the analysis, yes.**

9 Q. Were you asked to do anything not in
10 paragraph 12? Put it a slightly different way.

11 MR. GRUNBERG: Objection, form.

12 MR. SCHWARTZ: Apology. Let me rephrase
13 the question.

14 BY MR. SCHWARTZ:

15 Q. Were you asked to do anything in this
16 case that is not described in paragraph 12?

17 **A. Well, paragraph 12 and, of course, the**
18 **supporting paragraphs in the report. But I was**
19 **not asked to do anything beyond that.**

20 Q. All right. And the "that," again I just
21 want to make sure I understand what's going on
22 here. What I think I heard in your answer was
23 what you were asked to do in this case is
24 described in paragraph 12, how you went about
25 doing it is described elsewhere in your report.

1 believe to be the number of potential daily unique
2 visitors to the websites that hosted the articles
3 you collected, the articles on appendix 9, as
4 calculated by a website called SimilarWeb during
5 the period May to July 2019; is that right?

6 MR. GRUNBERG: Objection, form.

7 A. The -- it includes that. But as I --
8 there's many other things I kind of outline in my
9 report. But yes, I am measuring the daily unique
10 traffic to these sites that hosted one or more of
11 these articles, and yes.

12 Q. So your work tells us where the
13 information was available, correct? And by "the
14 information," what I'm referring to are the
15 defaming statements that Mr. Musk made about
16 Mr. Unsworth. Your report tells us where that
17 information was made available on the internet.

18 A. Among other things, yes.

19 Q. Well, it doesn't tell us to whom it was
20 disseminated, that information was disseminated,
21 does it?

22 MR. GRUNBERG: Objection, form.

23 A. Well, these particular sites have
24 visitors, and so it was obviously disseminated to
25 those particular visitors. Now, who those

1 **visitors are, I do not know.**

2 BY MR. SCHWARTZ:

3 Q. But isn't it true that in order for
4 someone to read any of the defaming statements --
5 and let me back up for a second. If I use the
6 term defamatory statements in this deposition will
7 you understand that I'm referring to what you
8 describe in paragraph 12 as the defaming
9 statements there, so I don't have to -- we don't
10 have to say back and forth the entirety of
11 paragraph 12?

12 **A. Yes.**

13 Q. So what -- well, let me ask it this way.
14 You can't tell us the number of people to whom the
15 articles that contain statements Mr. Musk made
16 about Mr. Unsworth were actually disseminated, can
17 you?

18 MR. GRUNBERG: Objection, form.

19 **A. Well, as I mentioned, each of these sites**
20 **have visitors that come to the sites, so they were**
21 **disseminated to them. If your question is who**
22 **they actually are, then no, I don't know that.**

23 BY MR. SCHWARTZ:

24 Q. Well, are you giving any testimony in
25 this case as to the number of people who actually

1 saw any of the articles in your report?

2 A. What I was asked to do is to measure the
3 level of dissemination, so the distribution,
4 circulation of these articles and defaming
5 statements.

6 Q. Right. But are you giving any testimony
7 as to the number of people who actually saw any of
8 the articles on your list?

9 A. I've not been asked to do that.

10 Q. Even if you haven't been asked, I need
11 you to tell me whether, in fact, you are planning
12 on giving any testimony in this case as to the
13 number of people who actually saw any of the
14 articles on your list in Appendix D.

15 A. As I sit here today I'm not planning on
16 doing that.

17 Q. Do you know how many people actually saw
18 any of the articles you've identified in your
19 list?

20 A. Again, I was not asked to do that, so I
21 didn't investigate that.

22 Q. And so you don't know, do you?

23 A. I didn't investigate it, so, you know, I
24 don't know.

25 Q. Okay. Are you giving any testimony in

1 this case as to the number of people who actually
2 read any of the articles on your list?

3 A. As I said, I was asked to measure the
4 level of dissemination. I was not asked to
5 measure the number of people that read the
6 article -- the articles.

7 Q. Sorry, I didn't mean to interrupt. So
8 you will not be giving any testimony in this case
9 as to the number of people who actually read any
10 of the articles on your list.

11 A. I've not been asked to do that. I do
12 want to point out that in my report there are some
13 supporting articles, for example, from BuzzFeed
14 that do report some visitor traffic to the
15 articles. But I've not been asked to analyze
16 who's read the articles.

17 Q. Right. My question is a little
18 different. I appreciate the information. What I
19 asked is whether you're giving any testimony in
20 this case as to the number of people who actually
21 read any of the articles on your list.

22 A. I was not asked to investigate that, so
23 as I sit here today I'm not planning on providing
24 that information.

25 Q. All right. As you sit here today do you

1 know how many people actually read any of the
2 articles you've identified in your report?

3 **A. As I said, I was not asked to investigate**
4 **that, so I don't know the number of people that**
5 **have read the articles.**

6 Q. Are you giving any testimony in this case
7 as to the number of people who believed anything
8 Mr. Musk said about Mr. Unsworth?

9 **A. No.**

10 Q. Do you know how many people believed
11 anything Mr. Musk said about Mr. Unsworth?

12 **A. I was not asked to investigate that, so**
13 **no.**

14 Q. Are you giving any testimony in this case
15 as to the number of people who think that
16 Mr. Unsworth's reputation has been harmed in any
17 way by anything Mr. Musk said about Mr. Unsworth?

18 MR. GRUNBERG: Hold on, let me look at
19 that before you answer.

20 Objection, form.

21 **A. I'm sorry, can I get the question again?**

22 BY MR. SCHWARTZ:

23 Q. Sure. Let me read it. Are you giving
24 any testimony in this case as to the number of
25 people who think that Mr. Unsworth's reputation

1 has been harmed in any way by anything Mr. Musk
2 said about Mr. Unsworth?

3 **A. I was not asked to investigate that, so**
4 **no, as I sit here today I'm not planning on**
5 **providing that information.**

6 Q. Do you know whether anyone thinks that
7 Mr. Unsworth's reputation has been harmed in any
8 way by anything Mr. Musk said about him?

9 MR. GRUNBERG: Objection, form.

10 **A. Well, again, I was not asked to**
11 **investigate that. But personally I read quite a**
12 **few articles, so I have an opinion -- or I have an**
13 **impression. But no, I was not asked to**
14 **investigate that, so no, I'm not planning on**
15 **providing that information.**

16 Q. Well, how many people in the world do you
17 think Mr. Unsworth's reputation has been harmed in
18 any way by anything Mr. Musk said about
19 Mr. Unsworth?

20 MR. GRUNBERG: Objection, form.

21 **A. I was not asked to investigate that, so I**
22 **don't know.**

23 BY MR. SCHWARTZ:

24 Q. Now, the -- if you look at your report,
25 if we go to page 5, paragraph 20.c., you say that

1 something that I didn't know coming into this
2 deposition, which was the data on Exhibit 145 was
3 not data that you used in your final report, and
4 this is from a different period of time.

5 But help me out anyway. So on this it
6 says that, according to SimilarWeb, the -- it
7 reports the number of 373 million on the right
8 side, do you see that?

9 **A. Yes.**

10 Q. What does that -- what does SimilarWeb
11 tell us about that?

12 **A. That is the monthly visits to that**
13 **particular website, okay. So that includes**
14 **perhaps Jim Jansen going back three times to that**
15 **particular site during that month.**

16 Q. Okay. They don't report monthly unique
17 visitors -- maybe they do, but I don't see that
18 here. Do you know why that's not there?

19 **A. Yes, this was generated from the free**
20 **version, and so if you want that type of data**
21 **you've got to pay for it. And that's what I did**
22 **with the API.**

23 Q. Got it. Then let's just move on. We can
24 shorten some stuff here. Thank you.

25 Now, do you know for any of the articles

1 on your list -- start again.

2 Do you know for any of the articles on
3 your list where on the websites that they were
4 available on they were located? In other words,
5 where on that website, home page, some other page,
6 any of that information, do you have that?

7 **A. Other than for the BuzzFeed documents**
8 **provided I don't have a snapshot of the website on**
9 **the day the article was posted, no.**

10 Q. Okay. I just want to make sure you've
11 answered my question. I think you have, but just
12 so we're clear. In other words, you don't --
13 other than for the BuzzFeed article, you don't
14 know where on these websites those particular
15 articles were placed.

16 **A. I did not visit the websites on the day**
17 **they were posted, so I don't have that**
18 **information, no.**

19 Q. Even if you didn't visit the websites on
20 the day they were posted, from any other source do
21 you know where the articles on your list in
22 Appendix B other than the BuzzFeed article were
23 posted on the websites on which they were posted?

24 **A. Well, it's -- let me backtrack. Maybe I**
25 **misunderstood your question. If you're talking**

1 about the interface, you know, I certainly do not
2 know that because I didn't visit it.

3 If you look at the URL, that will give
4 you an idea of the structure of where the article
5 was posted and if it was, for example, posted in
6 technology or social media or, you know,
7 international news and things like that. But I
8 don't have the -- I took your question to mean
9 the -- not the structure, but the interface
10 itself.

11 But from the URL you can get some
12 structural information sometimes. But I didn't
13 look at that in my analysis.

14 Q. I see. So, in other words, you can't
15 tell us how, if somebody landed on the home page
16 of one of the 354 websites in your analysis what a
17 person would have to do to find the actual article
18 from that website that's on your list.

19 A. I did not -- yeah, I said I didn't have
20 the snapshot of the interface for the particular
21 days those articles were posted, so no, I don't
22 have that information.

23 Q. You don't have the information I was
24 asking about, which was how if somebody landed on
25 the home page of any of those 354 websites in your

1 analysis what a person would have to do to find
2 the actual article from that website on your list.

3 MR. GRUNBERG: And just so we can make
4 this easier, are you asking him about this moment
5 in time or are you asking about the moment, the
6 day of the article being posted? That might help
7 get what you're looking for from him.

8 BY MR. SCHWARTZ:

9 Q. I'm not sure that I am, but let me
10 suggest something maybe I -- what I'm asking you
11 is this. As you sit here today can you tell us
12 for the articles on your list what a person would
13 have to do from the home page of those websites in
14 order to get to that article?

15 A. Yeah, I can certainly talk generically.

16 Q. No. Let me -- my question wasn't that
17 clear, then. In other words, the actual effort a
18 person would have to make in order to find the
19 article.

20 A. Right. Well, again, generically it could
21 be right on the splash -- the home page when they
22 landed, the article's right there. Could be in
23 one of the subcategories, technology, you know,
24 investments. Or they could do a search. I think
25 those would be the three kind of approaches that a

1 person would do.

2 Q. Right. But do you know for each of these
3 articles? Let's start with -- for each of these
4 articles, like whether they were on the home page?

5 A. No, I did not.

6 Q. And do you know how much effort a person
7 would have to undertake if they were at the home
8 page of these websites in order to get them to the
9 article on your list?

10 A. It would be one of kind of the three
11 general approaches that I mentioned, but I don't
12 know for each individual article.

13 Q. Do you know of any of the articles?

14 A. As I said, I didn't visit the websites
15 the day they were posted, so I don't know
16 specifically.

17 Q. All right. So do you know whether if --
18 as to those articles on your list that were not
19 posted on the home page of the websites or
20 website, in other words, it was on some
21 supplemental or deeper page, the article was
22 mentioned or linked on the home page?

23 A. The -- as I mentioned, I didn't -- when I
24 did my analysis I didn't visit the websites the
25 day they were posted. I do some examples where

1 you can do searches on websites and they -- the
2 articles show up, that's in my report. But I
3 don't have for all 605 specific articles.

4 Q. Right. But your testimony is that these
5 articles were disseminated on 354 websites --

6 A. Yeah.

7 Q. -- and here's some data traffic for
8 unique viewers to these websites. I'm trying to
9 figure out if there's any way of knowing just from
10 the mere fact that they're on the website -- or
11 not knowing from the mere fact they're on the
12 website.

13 I'm trying to ask you if somebody just
14 showed up at the home page of each of these
15 websites whether they would know that the article
16 was to be found somewhere on the website or how
17 much effort they would have to undertake in order
18 to find it. Sitting here now, that's not the
19 information you were asked to look at or have,
20 right?

21 MR. GRUNBERG: Object to the form. There
22 are a lot of different questions there.

23 A. As I said a couple times, I was not asked
24 to investigate this. I didn't visit the website.
25 But these articles are still there, so you can go

1 to the website and if you pull up one article it
2 will suggest articles for you that, you know, also
3 contain the defaming statements. You can search
4 on these websites.

5 You know, the whole Thai cave rescue
6 thing was a very popular story, and Mr. Musk's
7 comments, you know, again, very popular. But
8 again, I don't know specifics on each individual
9 article.

10 Q. Do you know them for any article?

11 A. Again, I didn't investigate this, so I
12 don't know.

13 Q. Okay. But if somebody weren't looking --
14 obviously if somebody wanted to find an article on
15 Mr. Unsworth or Mr. Musk or what Mr. Musk said
16 about Mr. Unsworth, one way someone might do that
17 is to actually go to Google and ask Google to do
18 the work, the legwork and find those articles,
19 right?

20 A. Yes.

21 Q. All right. But if somebody wasn't
22 looking to find information about Mr. Unsworth or
23 looking to find what Mr. Musk had said about
24 Mr. Unsworth, they were simply visiting the 354
25 websites you looked at, I'm trying to understand

1 Q. And as you sit here today you can't tell
2 us how much or how many of the 98 million users in
3 your daily unique user count includes users either
4 who navigated to a website by mistake or they
5 never really interacted -- they never interacted
6 with the website beyond, say, clicking on an ad
7 that took them somewhere else.

8 A. Well, again, I kind of go back to my --
9 the purpose of my analysis. So my purpose of
10 analysis was the dissemination of these defaming
11 statements. So let's say someone, take your
12 scenario, someone did accidentally go to the
13 website. They still could have saw the defaming
14 statements. Maybe it's not the website they
15 wanted to visit, but they still could have saw the
16 defaming statements, left, and it's still within
17 the numbers of my report of people that were
18 exposed to the defaming statements.

19 Q. And that would depend on whether the page
20 of the website that they landed on had the
21 defaming statements on them. As opposed to
22 being --

23 A. Or it was visible when they landed.

24 Q. Exactly, it was visible on the webpage
25 when they landed right?

1 A. In the scenario that I just outlined,
2 yes. If they accidentally went to the website,
3 saw the defaming statements, even then okay, they
4 saw the defaming statements, it got counted as a
5 unique visitor. Will it be actually a valid
6 count.

7 Q. Right.

8 A. Or people that the defaming statements
9 were disseminated to.

10 Q. So how many people accidentally navigated
11 to websites and saw the defaming statements,
12 realized they got to the website by mistake and
13 left?

14 A. I did not calculate that number.

15 Q. How many of the people in your 98 million
16 include people who accidentally wound up at a
17 website that you were looking at, didn't see the
18 content and left, or got to the website, clicked
19 through on an ad or something else without seeing
20 the content containing the statements you were
21 studying?

22 A. Yeah, this is similar to the aspect of,
23 you know, the people that, you know, read the
24 defaming statements. It's not something I looked
25 at. I was interested in dissemination of these

1 **statements.**

2 Q. So the answer is you don't know.

3 **A. I don't have that level of data.**

4 Q. Okay. So is it the case that it's more
5 likely that someone will read an article
6 prominently displayed on the home page of a
7 website than an article buried deep in the
8 website? If they're not getting there by a search
9 engine, for example.

10 **A. I don't know specifically in terms of**
11 **giving you a quantifiable number. But, you know,**
12 **the Pew internet research, they do these type of**
13 **publications on behaviors on websites. But I**
14 **don't have an exact number.**

15 Q. So let's see, on page 26 of your report,
16 one of the websites you list is cars.com with
17 about 345,000 unique daily visitors, right?

18 **A. Yes.**

19 Q. Okay. And that 345,000 number, that's
20 included in your 98 million total, right?

21 **A. Yes.**

22 Q. Do you know much about cars.com?

23 **A. No, I do not.**

24 Q. It's a website where people, generally
25 the purpose for going to that website is to look

1 to see if they're interested in either buying or
2 selling a car. Did you know that?

3 A. I said I'm not familiar with the
4 particular website.

5 Q. I see. How many of the 347 websites
6 included in your list are you not familiar with?

7 A. Many of the small ones I'm not familiar
8 with, many of the domain-specific ones I'm not
9 familiar with.

10 Q. And by -- what are you using to
11 differentiate ones that are small from ones that
12 are not small, in your answer?

13 A. Well, you know, typically the web traffic
14 like, you know, for example this 0nion spelled
15 with an O, I'm not familiar with, what the first
16 website mentioned here. I'm not familiar with it.

17 Q. You mean with a zero as opposed to a
18 capital O?

19 A. Exactly.

20 Q. Are you familiar with a website called
21 Onion that uses all letters to spell itself out?

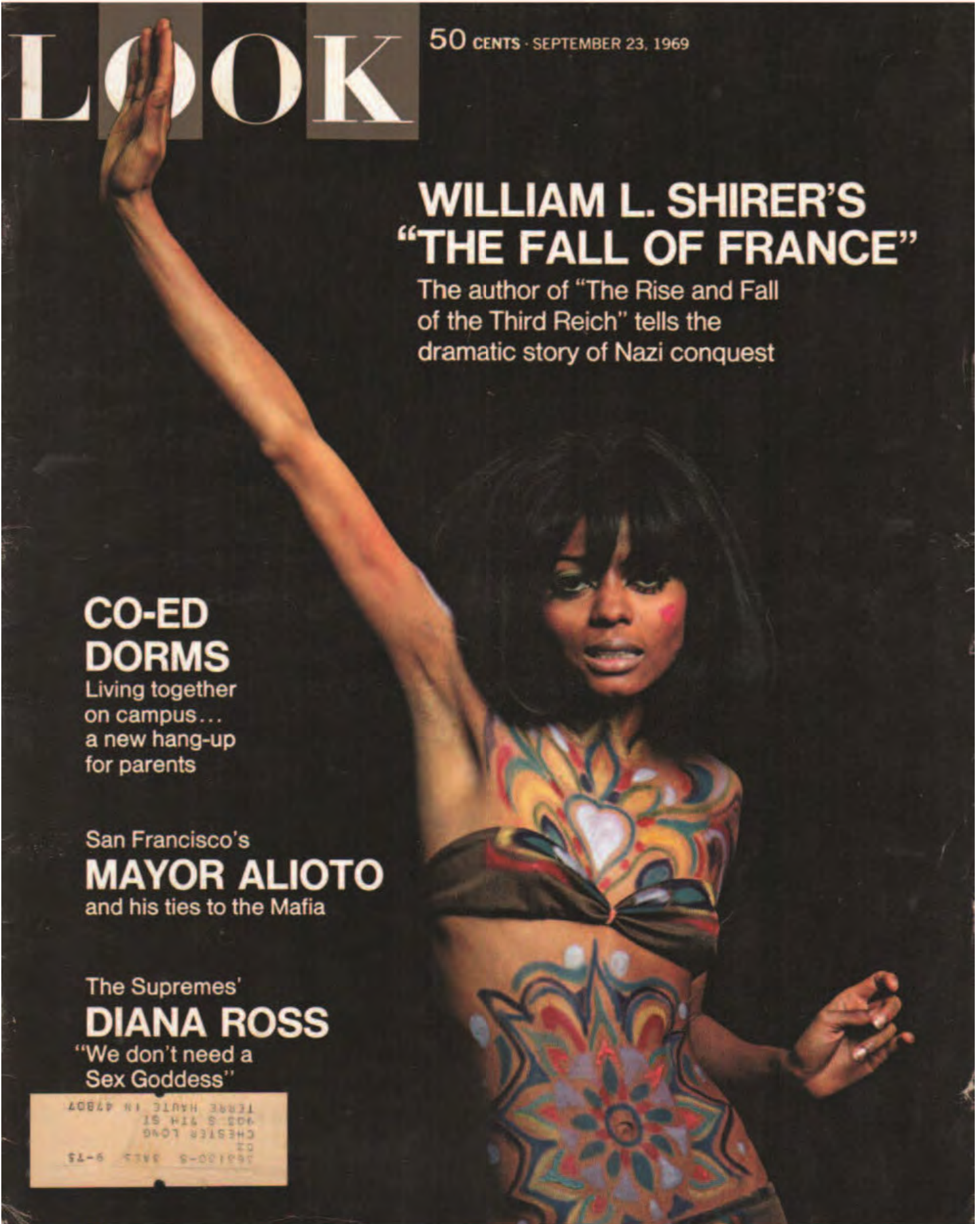
22 A. Yes.

23 Q. Okay. Cars.com, as far as you know it's
24 not a news site, is it?

25 A. I'm not really familiar with this.

EXHIBIT 12

EXHIBIT 13



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